Austria	Sch[illegible]	Indonesia	Rp[illegible]	Philippines	Pes[illegible]
Bahrain	Din[illegible]	Iran	Rls[illegible]	Portugal	Esc[illegible]
Belgium	BFr[illegible]	Israel	Shk[illegible]	Qatar	QR[illegible]
Cyprus	C£[illegible]	Italy	L[illegible]	S.Arabia	SR[illegible]
Denmark	DKr[illegible]	Jordan	Fils[illegible]	Singapore	S$[illegible]
Egypt	E£[illegible]	Kuwait	Fils[illegible]	Spain	Pta[illegible]
Finland	FMk[illegible]	Lebanon	L£[illegible]	Sweden	SKr[illegible]
France	FFr[illegible]	Lux	LFr[illegible]	Switz	SFr[illegible]
Germany	DM[illegible]	Malaysia	M$[illegible]	Thailand	Bt[illegible]
Greece	Dr[illegible]	Morocco	Dh[illegible]	Tunisia	Din[illegible]
Hong Kong	HK$12	Neth	Fl[illegible]	Turkey	L[illegible]
Hungary	Ft[illegible]	Nigeria	Naira[illegible]	UAE	Dh[illegible]
Iceland	IKr[illegible]	Norway	NKr[illegible]		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

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ARAB WORLD

The butcher's bedfellows

Page 21

World News

Mitsotakis set to form new Greek Government

Greek conservative leader Mr Constantine Mitsotakis said he would form a government with support from a small centre-right party to tackle the country's pressing economic problems.

Mr Mitsotakis, whose New Democracy party won 150 of 300 parliamentary seats in Sunday's election, needs backing from the single Democratic Renewal deputy to win a vote of confidence. Page 22; Background, Page 2

Forum sets policy

Hungarian Democratic Forum made EC membership its foreign policy priority after the party won a sweeping victory in Sunday's second and decisive round of the general election. Page 2

Soviets reject offer

Soviet leaders last night turned the screw on the Lithuanian independence movement by rejecting a compromise offer. Page 3

Thatcher drugs plan

A six-point formula for increased international co-operation to reduce demand for illicit drugs was spelled out by Mrs Margaret Thatcher, UK Prime Minister. Page 22

Slovenia poll gains

Opposition coalition in Yugoslav republic of Slovenia took a large lead over the communists after 15 per cent of the votes were counted from Sunday's parliamentary election.

UK blasphemy ruling

UK judges refused to allow British Moslems to prosecute Salman Rushdie over accusations that he blasphemed Islam in his novel "The Satanic Verses." Page 12

Beirut hostage talks

Two Belgian diplomats met publicly with an official of Abu Nidal's extremist Fatah Revolutionary Council (FRC) and said they were negotiating for the release of five Belgian hostages. Page 10

Latvian press curbs

Latvian Communist Party leaders, elected after a walk-out by the minority pro-independence wing over the weekend, have cracked down on the nationalist press. Page 3

Iraq expels envoy

Iraq said that it was expelling a US diplomat in retaliation for Washington's expulsion last week of an Iraqi representative at the UN. Page 10

Soldiers die in blast

Four British soldiers were killed when an IRA mine blew their vehicle off a country lane in the bloodiest guerrilla attack of the year in Northern Ireland. Four others were treated for shock. Page 12

Passenger ferry fire

A crewman died and 25 people were injured in a fire on board a passenger ferry in the Irish Sea. The owners said the fire might have been caused by arson.
Brussels to press safety issue, Page 3

Kurdish rebels shot

Turkish Cabinet met to discuss tough measures against terrorism in the country's Kurdish south-east. This came against reports that 21 Kurdish rebels were killed in weekend clashes with security forces. Page 8

Angola peace call

Unita, Angolan rebel group, said it was seeking direct talks with the country's Government and was ready to proclaim an immediate ceasefire in the 15-year-old war. Page 10

Dog beat

A burglar took his dog with him to rob a house in an English village but inadvertently left it behind. The white-haired terrier later led the police to its master.

Business Summary

MCI to acquire Telecom USA for $1.25bn

MCI Communications is to acquire Telecom USA for $1.25bn, a move which will strengthen its product range and customer base in its battle against American Telephone and Telephone in the US long distance market.

MCI is ranked second with 11.5 to 12 per cent of the market. Atlanta-based Telecom USA agreed to a $42 a share bid from MCI. The news pushed its shares up $16¼ to $38 on the New York Stock Exchange. Page 23; UK telecoms face US challenge, Page 26

FORTY-TWO governments and public institutions from East and West yesterday reached virtually complete agreement on the terms and statutes of the new multinational bank to help the economic recovery of Eastern Europe. Page 3

INDIAN Prime Minister V.P. Singh ruled out relaxation of India's foreign investment regulations saying the country would not follow an "open door" policy. Page 22

ISRAEL'S leading banks returned to profit last year despite a sharp squeeze on interest margins after losses in 1988 because of heavy debt provisions. Page 25

SALOMON Brothers, Wall Street securities house, said it had bought, on an exclusive basis, the integrated software and database information system of Drexel Burnham Lambert's high-yield bond department. Page 28

SOVIET Union and most of the states of eastern Europe have officially accepted the supremacy of western market economics in the closing document of the first economic conference organised by the 35-nation Conference on Security and Co-operation in Europe in Bonn. Page 2

BRITAIN remained by far the most popular target European companies for cross-border acquisition spending in 1989, the quarterly Translink European Deal Review shows. Page 2

POLAND accumulated a record $780m hard currency trade surplus three months after starting its International Monetary Fund-approved austerity programme, the government statistical office reported. Page 3

LESS Developed Country (LDC) bonds could grow to a value of $80bn by the end of the year and reach $250bn in two to three years' time, according to research by Salomon Brothers, the brokerage house. Page 27

FARM Credit: The US and EC have agreed to set aside their dispute on farm credit support, to allow work to proceed on a fresh agreement among industrial countries to cut the cost of export credit subsidies. Page 6

MOSCOW: A $3bn deal to swap ships and vodka for Pepsi Cola was signed in Moscow in what Pepsico's chairman, Donald Kendall, described as "the largest and most comprehensive trade pact ever signed between a US corporation and the Soviet Union." Page 6

CHINA: Mr Ryutaro Hashimoto, Japan's Finance Minister, called for resumption of a loan to China, which has been frozen since the suppression of the pro-democracy movement there last June. Page 10

SOUTH Korea's money supply grew faster than targeted in the first quarter of 1990, increasing concern about the rising inflation rate. Page 10

EASTERN Air Lines, beleaguered US airline, under pressure from increasingly restive creditors, asked the bankruptcy court to approve an $80m quarterly withdrawal from its escrow accounts to cover operations. Page 26

Central banks give yen limited support despite G7 concern

By Janet Bush in New York, Andrew Marshall in London, and Stefan Wagstyl in Tokyo

Central banks provided limited support to the yen yesterday as the Japanese currency again came under selling pressure despite the weekend statement of concern by leading industrialised countries about its weakness.

Foreign exchange traders said the statement, made after a meeting of the Group of Seven nations, had little impact since it contained no specific policy commitments.

The dollar saw steady buying demand in New York, met by small Federal Reserve purchases of yen. In Europe, the US currency had closed virtually unchanged against the yen, after a round of central bank intervention from Switzerland, West Germany, Britain, France and Italy.

Dealers said the sums involved were small, that the intervention had little impact, and that it had been expected.

The reaction in Japan to the G7 meeting was more optimistic. The Tokyo stock market rose sharply as confidence grew that the worst was over for Japanese financial markets. The yen recovered to close at Y156.45 to the dollar, compared with Y157.47 on Friday, and the Nikkei stock average jumped by 1,119.15 to close at 30,397.93 – above 30,000 for the first time in seven trading days.

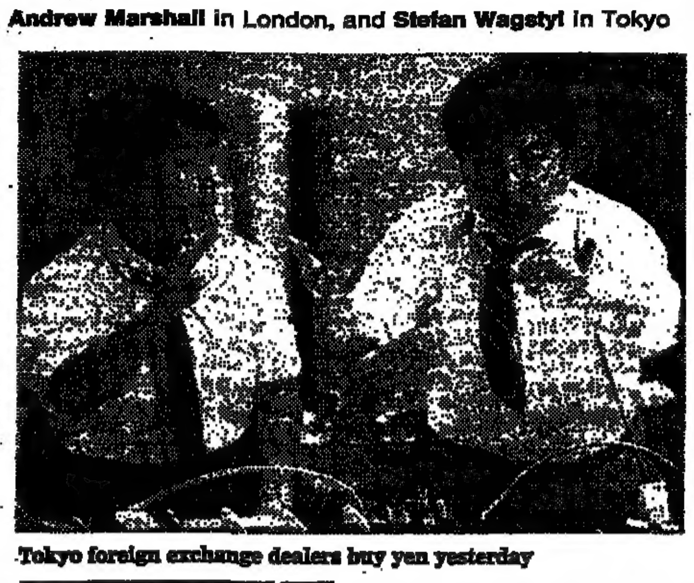
Official Japanese reports of the G7 meeting emphasised the importance of the ministers' commitment to the yen.

Mr Ryutaro Hashimoto, the Japanese Finance Minister, said in Tokyo: "It's highly significant that the fall of the currency of a major creditor nation has been discussed as a matter of global concern."

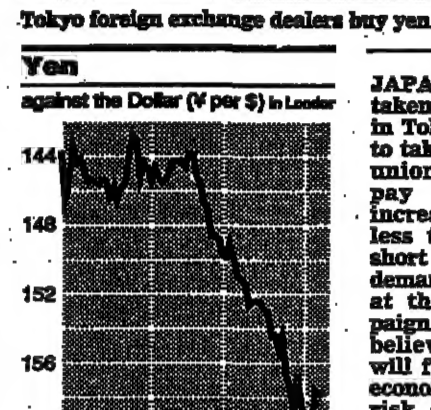
But there was still considerable unease in Tokyo markets. Another run on the currency could force the Japanese authorities to raise the Official Discount Rate. Dealers in Tokyo said the markets were awaiting for more clarity over the Bank of Japan's interest rate policy.

In New York, the dollar dipped briefly to reach Y155.70 against the dollar in early trading before rising again. The US Federal Reserve reacted when it hit Y157.00, selling small amounts of dollars against the yen, but steady demand remained. In late trading the dollar was quoted near its session highs at Y158.25 having inching steadily higher in relatively subdued dealings.

The Fed intervention was regarded as largely symbolic. The small amounts involved underscored the view in New York that no radical new initiatives were agreed on at the weekend to boost the yen.



Tokyo foreign exchange dealers buy yen yesterday



JAPANESE employers have taken advantage of turmoil in Tokyo's financial markets to take the sting out of trade union demands in annual pay talks. The average increase is expected to be less than 6 per cent, well short of the 8 to 9 per cent demanded by leading unions at the start of their campaign. Policymakers do not believe the likely increase will fuel inflation, but some economists think there is a risk companies may raise prices. Page 22

In Europe, few currency analysts saw anything to underpin the yen in the communique from the weekend meeting of finance ministers and central bank governors from the US, the UK, West Germany, Japan, France, Italy and Canada.

The joint statement on Sunday said they had discussed "especially the decline of the yen against other currencies, and its undesirable consequences for the global adjustment process." The statement

Continued on Page 22

Lex, Page 22; Confidence grows, Page 10; Market Reports, Second Section.

UK sets up inquiry on pricing of overseas phone calls

By Hugo Dixon in London

THE UK's Office of Telecommunications has launched an investigation into the pricing of international telephone calls, Sir Bryan Carsberg, director-general of the watchdog agency, said yesterday.

His statement followed an investigation published last week by the Financial Times which showed that telephone users were being overcharged by more than $10bn a year as a result of a cartel between the world's large telephone companies and that the charges for international phone calls were between two and four times costs.

Sir Bryan said the UK "should attach considerable weight to the objective of achieving a reasonable relationship between costs and charges to customers. This is likely to enhance the attractiveness of the UK as a place for undertaking international business and to enhance the competitiveness of business already located here."

Oftel's staff has carried out some preliminary work on international pricing as part of its routine regulatory functions. Sir Bryan said Oftel was now collecting additional information from British Telecom.

The investigation will have the backing of users and of the Labour Party, which last week called for an inquiry. Mr John Roberts, director for regulatory affairs of the UK's Telecommunications Managers Association, said: "Users are not happy with the revenue protection practices of telephone companies on international tariffs."

Oftel's investigation will focus on both the price that customers pay for international calls and the complex system of accounting rates.

Sir Bryan said that internationally agreed accounting rates appeared to be significantly above cost. Thus any country which significantly cut the cost of international calls would still have to pay its counterpart at the receiving end at an inflated rate, with an adverse effect on its balance of payments. "The reduction of prices to customers in one country enables other countries to earn monopoly profits at its expense."

Oftel's investigation into international pricing, which is expected to take two to three months to complete, is run-

Continued on Page 22

Ford switches new engine plant from Wales to Cologne

By Kevin Done, Motor Industry Correspondent, in London

FORD OF the US is to switch a planned £225m ($369m) investment in new engine-building capacity from its Bridgend plant in South Wales to one of its continental European plants at Cologne in West Germany.

The company said that the "unreliability" of supplies from its British plants – which have suffered two serious bouts of industrial action in the last three years – was an important factor involved in the decision.

Earlier this year, Ford's Halewood plant on Merseyside, north-west England, which produces the Escort and Orion cars as well as a range of components, was closed for seven weeks by strikes, both official and otherwise. The lack of parts from Halewood caused the closure of Ford's van assembly plants at both Southampton and Genk, Belgium, with an overall loss of 80,000 vehicles.

The decision to switch investment is also understood to have been prompted by imminent changes in exhaust emission regulations within the European Community, which are forcing it to change the mix of its European engine progamme, as well as by changes in its forecast of new car demand in Europe, arising in part from events in East Europe.

The UK currently accounts for about 52 per cent of Ford's European engine production of close to 2.2m units. This would have risen to about 70 per cent by the mid-1990s, according to the original Bridgend investment plan.

The scaling down of the South Wales project is a substantial blow to the motor industry in Britain, which has succeeded in attracting a series of major inward investments from international car makers in the last couple of years.

Ford said yesterday that the first phase of the Bridgend plan, totalling about £500m, was going ahead with production of the new engine range, code-named Zeta, due to begin next year.

It has abandoned the original plan to produce 850,000 a year of the new engines at Bridgend, however, and is to switch capacity for 300,000 a year to Cologne with an investment of about DM600m ($353m). Production in Cologne will begin in 1993.

At Bridgend, production of the present CVH engine, which was supposed to have been replaced by the Zeta unit, will be extended at least until 1997 at a capacity of 300,000 combined with 550,000 of the new engine range.

Mr Albert Caspers, Ford of Europe director for manufacturing, on an emergency visit to South Wales yesterday to announce the move, held out the possibility of Ford locating part of its planned new small engine project, code-named Sigma, at Bridgend later in the 1990s.

The unions were angered by Ford highlighting the "unreliability" of supplies from British plants in recent years.

Mr Jimmy Airlie, secretary of the Ford national negotiating committee, said: "It is a diabolical decision which implies that the British workers are unreliable . . ."

He added: "We are hoping to persuade the company to change its mind."

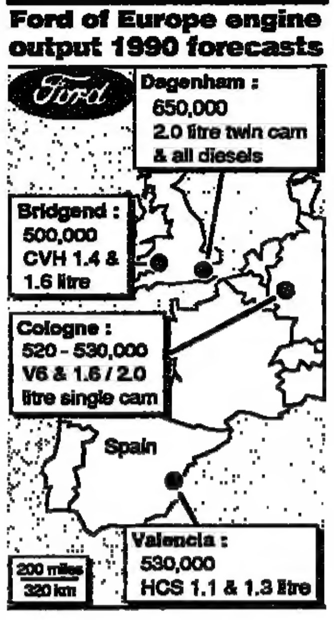
Ford said its total investment in Britain over the next five years would still be more than £2.2bn.

Alison Smith writes: Mr Michael Howard, the UK Employment Secretary, said Ford's decision was "a pointer to the massive haemorrhage of investment away from Britain which would occur if a Labour (Party) Government were to be elected."

Jobs would be "driven away" as employers thought again about investing in the UK because Labour was "guaranteed" to make striking easier.

Background to investment move, Page 11; Volvo sees big savings with Renault alliance, Page 23

Ford of Europe engine output 1990 forecasts



Soviet economic reforms 'face strong opposition'

By John Lloyd in Moscow

ONE OF the chief architects of a radical package to move the Soviet economy towards a market system said yesterday he expected the programme to be strongly opposed.

Mr Leonid Abalkin, Deputy Prime Minister, told a news conference yesterday: "A speedy transition to a market economy will meet powerful opposition.

"Opposition will come from the working population who will resent the measures, and from the apparatus. That is true, there is no avoiding it. We must just face it."

Mr Abalkin indicated the reform package would raise interest rates, restrict the money supply, index wages and raise prices – but without "negatively affecting the population."

He also hinted that the Soviet Union may abandon its traditional ban on private citizens employing labour – which Mr Abalkin himself recently characterised as "the exploitation of man by man" – for a more permissive attitude, providing that workers could "participate in managing and administrating enteprises."

The reforms will include a law on joint stock companies, but Mr Abalkin said the state would retain more than 50 per cent of the shares to be sold, apparently to avoid the "laundering" of hot money. He did not make clear whether this would apply to all companies.

During a two-hour discussion of the package of some 30 laws and decrees, due to be completed by today for submission to the Supreme Soviet (the standing parliament) by May 1, Mr Abalkin made clear the storm of popular protest he and his colleagues expected to break about their heads.

He said that unlike the market reformers in Poland, the Soviet Government could not count on the support of the people and he forecast a "negative reaction" when the package was introduced in the Supreme Soviet.

"We must make sacrifices – it has been shown that there is no other way." Support, however, could be found from "bold people with initiative who have the spirit of entrepreneurship. We will rely on them." He said the decision to advance the transition to "a regulated market economy" had been taken because earlier plans to use the traditional command system to boost production of consumer goods had failed.

"Balancing on two chairs is impossible. Now that the choice has been made we must go the way of the market," Mr Abalkin said. He said there had been a "disaster" in education, industrial facilites and railways, and a "shambles" in the agricultural industries. He criticised republics, including the Ukraine and Tadjekistan, which had ordered enterprises to sell their products only within the republic, defying Soviet laws allowing them to sell where they wished.

"This is tantamount to dividing the country into several kingdoms. The legislation is designed for a single national market," he said.

Mr Abalkin ruled out monetary reform as part of the economic package and dismissed talk of an early move to make the rouble convertible.

He made clear that the responsibility for approving the reform rested with the President, the Parliament (Supreme Soviet) and the Congress of People's Deputies.

Once it had been passed, however, the Government must stick to the programme and see it through, while refusing to back down – as it had done before (a probable reference to the concession in February to trade unions over the increased price of fuel oil to enteprises, when subsidies were agreed to calm fears of bankruptcies).

CSCE conference wins eastern converts, Page 2; Hurd to press Moscow, Page 3

CONTENTS

An unheroic Hungarian prepares to tackle a heroic challenge

Mr Jozsef Antall (left), president of the conservative Hungarian Democratic Forum, is a fitting man to lead his country. Of impeccable political pedigree, he feels the job requires a fanatic or a missionary.

Page 2

MARKETS

STERLING
New York close
$1.6345 (1.6425)
London:
$1.6395 (1.6390)
DM2.7725 (2.7775)
FFr9.3125 (9.3350)
SFr2.4525 (2.4575)
Y258.25 (same)
£ Index 87.4 (87.5)

GOLD
New York: Comex Jun
$380.4 (385.2)
London:
$375.25 (377.75)

N SEA OIL (Argus)
Brent 15-day Jun
$17.075 (17.625)

Chief price changes yesterday: Page 23

DOLLAR
New York close
DM1.693 (1.6943)
FFr5.6935 (5.6960)
SFr1.49795 (1.5050)
Y158.135 (157.70)
London:
DM1.6915 (1.6950)
FFr5.68 (5.6950)
SFr1.4955 (1.5000)
Y157.45 (157.50)
$ index 68.4 (68.5)
Tokyo close: Y157.47

US LUNCHTIME RATES
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.06%
Long Bond:
$99\frac{13}{32}$
yield: 8.542%

STOCK INDICES
FT-SE 100:
2,227.7 (+6.6)
FT Ordinary:
1,742.3 (+2.1)
FT-A All-Share:
1,105.03 (+0.2%)
New York close
DJ Ind. Av.
2,722.07 (+4.95)
S&P Comp
341.38 (+1.3)
Tokyo: Nikkei
30,397.93 (+1,119.15)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{8}$% (same)
Liffe long gilt future:
June $81\frac{1}{2}$ ($82\frac{3}{32}$)

West wins eastern converts at CSCE economics talks

By David Goodhart in Bonn

THE Soviet Union and most of the states of eastern Europe have officially accepted the supremacy of western market economics in the closing document of the first economic conference organised by the 35-nation Conference on Security and Co-operation in Europe in Bonn.

The document, agreed at the weekend, stresses the relationship between political pluralism and market economies and calls for "multi-party democracy based on free, periodic, elections".

It also commits the 35 nations to "endeavour to achieve" the following: free and competitive market economies where prices are based on supply and demand; fiscal and monetary policies that promote economic growth and enhance the ability of markets to function efficiently; policies aimed at expanding the free flow of trade, capital and investment, and the repatriation of profits in convertible currencies.

"The adoption of these principles by all 35 states would have been unthinkable 12 months ago," said Mr Alan Holmer, head of the US delegation to the conference. "It makes it more likely that current trends towards market economies and political pluralism will continue." He added that it should be seen as a signal to the west that central and eastern Europe were now *open for business.*

The final agreement was a merging of a US document and one produced by the European Community. The Soviet Union pressed successfully for a few minor changes – the concept of unrestricted capital flows was toned down and the aim of promoting social justice was inserted – and the end result is a general document rather than a stark list of principles.

The document is not legally binding but will carry considerable moral and political force in a similar way to the CSCE human rights document drawn up in Helsinki in 1975 which was subsequently used by dissident groups to embarrass various east European governments. Although there are no immediate plans to institutionalise the economic section of the CSCE, the document talks of periodic reviews of progress.

Other features stress the importance of reliable economic data, the need, at least in the longer run,for private capital to become the principal source of external finance, and support for the European Bank for Reconstruction and Development

President Vaclav Havel yesterday repeated the Czechoslovak call for a new European security system, Reuter reports from Bratislava. He was hosting a regional summit of heads of state of Czechoslovakia, Hungary and Poland, with the foreign ministers of Italy, Yugoslavia and Austria also attending as members of the regional Danube-Adriatic grouping.

● The Soviet armaments industry hopes to raise its civilian production from the *current 40 per cent of total out*put to more than 60 per cent by 1995, according to the organisers of a conference on "arms conversion" in Munich from April 20-25. Mr Werner Marzin, head of the Munich trade fair group, said the conference was jointly organised with the Moscow Expo Centre and the Soviet Chambers of Commerce.

Strike shuts Italian banks

ITALIAN BANKS were forced to close their doors yesterday as workers staged a 48-hour pay strike, Reuter reports from Rome. The employees, whose action is expected to keep *banks closed until tomorrow* morning, are demanding pay rises of up to 3 per cent.

Some 6,000 hospital anaesthetists also stayed away from work on the first day of a three-day stoppage in protest at a new government contract, *which reduces rest days. They* say it will impair safety.

Mitsotakis faces hard decisions on economy

By Kerin Hope in Athens

GREECE'S Conservatives under Mr Constantine Mitsotakis face the difficult task of rescuing the economy from collapse with only the slimmest of parliamentary majorities and the threat of tough opposition from the Socialists.

His New Democracy Party won 150 seats in the 300-member House in Sunday's election and will rely on support from a centre-right splinter group, Democratic Renewal, which elected a solitary deputy.

Both the IMF and the European Commission have recently made clear that economic disaster looms unless an austerity programme is quickly applied.

Strict measures must be imposed to cut the 17 per cent annual inflation rate (three times EC average) and reduce a record current account deficit totalling $1.1bn for the first two months of the year.

A wage freeze should be imposed, but a law guaranteeing index-linked rises for 1990 was passed earlier in the year and will be hard to roll back.

The all-party Government in power since November produced an interim budget which racked up a deficit of Dr565bn (£2.13bn) for the first four months of the year. The new administration will be under pressure to produce another budget for the rest of 1990. Medium-term measures that must be taken to increase revenues and encourage investment include broadening the tax base, liberalising labour laws and reforming the state pension system.

A rescue plan prepared by seven senior Greek economists, which was completed on the eve of the election, is ready for Mr Mitsotakis to apply.

It calls for taxing farmers and interest on bank deposits, raising VAT by at least 2 points, and collecting Dr350bn in tax arrears. But Mr Mitsotakis is likely to think twice before deciding to take such politically unpopular decisions.

The private sector responded enthusiastically to the conservatives' return to power. The Athens Stock Exchange index *shot* up by 14 per cent yesterday, a record one-day increase.

Unheroic Hungarian tackles an heroic task

Mr Antall ponders the difficulties of leading Hungary

By Nicholas Denton in Budapest

FOR A country which has shown little need of heroes, Mr Jozsef Antall, president of the conservative Hungarian Democratic Forum, which is set to lead the next Government, is an appropriately undynamic candidate for Prime Minister.

Hungary's quiet revolution has been followed by a quiet election from which a conservative and a liberal party (both consciously following western models) have emerged as the focal points of political life.

In this context, Mr Antall is a fitting man to lead Hungary. For most of his career he has worked as a librarian. His aim is to take government and then negotiate with coalition partners on what to do next. His vision, which he would never dream of calling a vision, is a Hungary of small towns, a seamless extension of the hard-working, Christian Democratic community of the upper Danube: his model land is Bavaria.

His father was a founder of the rural-based Smallholders Party in the 1930s, helped save Jews in the war until the Nazis imprisoned him, and was a minister in the post-war Government. The son was active in the party when it briefly revived during the abortive 1956 Hungarian uprising. He remains close to the older generation of Smallholder leaders, including the president, Mr Vince Voros, a friend of his father.

Born an anti-Communist, Mr Antall becomes indignant when his rivals in the liberal Alliance of Free Democrats question the Forum's commitment to full democracy: "We don't like it when ex-Communists teach us liberalism." To his mind the Free Democrats' leaders – radical Maoists turned liberals – have all the unpredictable passion of converts.

Equally bitterly, Mr Antall rejects Free Democrat accusations that the Forum is a half-hearted proponent of capitalism. "He is absolutely committed to the free market," says Mr Adam Batthany, one of the Hungarian emigré financiers who have had much influence on him.

Mr Antall has taken the issues of the repayment of Hungary's $20bn foreign debt as the test of his orthodoxy. He rejects Free Democrat ideas of a debt for equity swap or a partial moratorium, believing a debt to be a debt, whether or not it was incurred under illegitimate rulers. "We regard ourselves as correct borrowers; we want to maintain payments. We have to say that we see it as our debt."

Formally, Mr Antall has all the credentials of a Hungarian Prime Minister: his father bequeathed him an impeccable political pedigree; he never toys with communism; he is the undisputed leader of Hungary's strongest party; and his person glues together a conservative grouping which is set to dominate parliament.

But he himself feels that Hungary's next leader must be not just qualified, but exceptional: "The first Prime Minister of a democratic Hungary must be a fanatic, a missionary, or a madman."

But Mr Antall is as unconvincing as an inspirational leader as he is convincing as a rather ordinary Christian Democrat whose mission is to govern responsibly and by consensus.

He has little of the easy confidence of a born statesman; rather he has the unrelieved seriousness of a shy man. When a smile creeps across his face he quickly represses it for fear that good humour might not look prime ministerial. The burden of responsibility crushes his language: he explains that he does not provide good "sound bites" because he is too honest to simplify his answers.

Forum sets its sights on EC membership

THE HUNGARIAN Democratic Forum yesterday made membership of the European Community its foreign policy priority after the party won a sweeping victory in Sunday's second and decisive round of the general election, writes Nicholas Denton.

Mr Jozsef Antall, the Forum's president who is likely to be Hungary's next Prime Minister, said: "To us the European Community is the most important target. We would like to join as soon as possible."

As a token of his aspirations for Hungary to be a respected associate of the western community, Mr Antall reaffirmed his opposition to proposals for unilateral debt reduction such as debt-for-equity schemes. "As far as debts are concerned we can declare that we want to maintain Hungary's solvency. We would not like to embark on any adventures."

This caution also applies to the Forum's policy on privatisation and foreign investment, where stricter controls are planned by the party's economic experts.

With 165 of the 386 seats in the new parliament, the Forum has a commanding position from which to negotiate a governing coalition. A conservative coalition of the Forum, and its allies – the independent Smallholders Party which won 43 seats, and the Christian Democratic People's Party with 21 – would have 228 seats, a comfortable majority of 72.

Mr Antall was confident that, with the support of independent MPs, the coalition would represent 60 per cent of the parliament. "This will prove to be firm ground on which to govern the country," he said, and he hoped that this Government could take power within a month.

From the defeated parties, 92 Free Democrat MPs and 21 from their close allies, Fidesz, will make up an effective liberal opposition.

The Hungarian Socialist Party, which has ruled the country under several names for the past 42 years, will have a parliamentary faction of 33 seats whose support will not be courted readily by Government or opposition.

UK tops cross-border spending league

By Nikki Tait

BRITAIN remained by far the most popular target European country for cross-border acquisition spending in 1989, the quarterly Translink European Deal Review shows.

Deals struck in the UK by cross-border acquirers totalled *Ecus 20.8bn (£15.4bn), account*ing for just over 50 per cent of total sums spent. Most expenditure went on publicly-traded companies – some Ecu 12.7bn – with the total number of deals just under 240.

West Germany attracted attention. The deals almost rivalled the UK tally, but their *value was much less. Total fig*ures were 216 and Ecu 5.71bn respectively. France and Italy followed close on West Germany, with deal expenditure amounting to Ecu 5.37bn and Ecu 4.12bn. Spain attracted 128 cross-border transactions worth Ecu 2.7bn. Fewer than 100 cross-border deals were struck in any of the Benelux or Scandinavian countries.

Hostile cross-border deals involving publicly-traded companies were almost unknown outside the UK. The survey finds only three cases – two in Denmark (both unsuccessful), the third, in Ireland, involving a foreign company acting with a domestic group to acquire another Irish business.

FINANCIAL TIMES

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Poland's hard currency trade surplus soars

By Christopher Bobinski in Warsaw

POLAND has accumulated a record $780m hard currency trade surplus three months after starting its International Monetary Fund-approved austerity programme, the government statistical office reported yesterday.

The first-quarter surplus comes from a 6.5 per cent rise in exports and a 21 per cent fall in imports and compares with forecast $800m deficit by the end of this year.

The rapid growth in hard currency exports occurred mostly last month as companies completed their 1989 order books and scrambled to escape the sparse domestic demand for consumer and capital investment goods.

At the same time, there are signs that support is waning for the Government's tough policies after three months during which industrial sales have slumped by over a quarter and real incomes by around 35 per cent.

The worst effects were concentrated in the first two months of the year — last month, incomes actually grew by more than 25 per cent and inflation slowed to a 5 per cent increase over February.

While the popularity ratings of Solidarity and the Government were still above 60 per cent last month, according to the official polling unit, acceptance of government economic policy fell from 39 to 32 per cent and the number of its opponents rose to a fifth of those surveyed.

In addition, to the dismay of the authorities, the trade surplus with the Comecon countries has risen to Rbs 971m, thanks to a 28 per cent fall in imports this year, mainly involving Soviet oil.

Accord close on terms for bank to aid east Europe

By Ian Davidson in Paris

FORTY-TWO governments and public institutions from East and West yesterday reached virtually complete agreement on the terms and statutes of the new multinational bank for helping the economic recovery of Eastern Europe.

The two outstanding points which remain to be settled are the location of the new European Bank for Reconstruction and Development (EBRD), and the choice of its first president.

But Mr Jacques Attali, special adviser to President François Mitterrand of France, and one of the two candidates for the EBRD presidency, said yesterday he was certain both these issues would be settled by the time the bank's statutes were signed at a special ministerial meeting in Paris on May 30.

The bank's capital will be Ecu10bn (£7.6bn), of which 30 per cent will be initially paid up. The EC's 12 member states and its institutions will between them hold 51 per cent of the capital, while the US will hold 10 per cent, and the Soviet Union 6 per cent. Japan, like the four largest EC members, will hold 8.5175 per cent.

The Soviet Union has agreed, under pressure from the US, that its access to bank lending will be restricted to the size of its shareholding contribution, at least during a three-year transition period. This restriction could be lifted after three years, subject to agreement of 85 per cent of the votes.

The EC countries have made it clear they want the EBRD to be located inside the Community. Since they hold a majority of the votes, they are virtually bound to get their way, and may be able to announce their choice at the informal Dublin Summit on April 28.

By the same token, they may also be able to announce at the same time the choice of bank president, which essentially lies between Mr Attali and Mr Onno Ruding, the former Dutch Finance Minister.

Hurd to press Moscow on Germany in Nato

By Robert Mauthner in Moscow

MR DOUGLAS HURD, British Foreign Secretary, will today pursue in Moscow the West's concerted campaign to persuade the Soviet Union that a united Germany should remain a member of Nato.

In two days of talks with Mr Eduard Shevardnadze, Soviet Foreign Minister, and an expected meeting with President Mikhail Gorbachev tomorrow, Mr Hurd will stress that German membership of Nato, after unification, is in Moscow's and eastern Europe's own security interests.

He will point out that even Germany's eastern neighbours, such as Poland and Czechoslovakia, see dangers in having "a loose cannon" in the centre of Europe, and would prefer to see Germany firmly anchored to Nato.

Mr Hurd, who arrived in Moscow last night, will thus be relaying the same message as the one conveyed to Mr Shevardnadze in Washington only a few days before, by Mr James Baker, the US Secretary of State.

After that meeting, Mr Baker indicated that the Soviet Union was beginning to come round to the idea that neutrality was not the best solution for a unified Germany. However, there are no signs yet that Moscow is prepared to abandon its opposition to a unified Germany's membership of Nato.

Mr Hurd, whose talks in Moscow will focus on the whole future architecture of Europe, including security and arms control problems, as well as human rights, is also expected to raise the delicate issue of Lithuania, whose declaration of independence has brought it into sharp conflict with the central Soviet government.

In a telephone conversation with Mr Gorbachev at the end of last month, Mrs Margaret Thatcher, Britain's Prime Minister, urged restraint on both the Soviet and Lithuanian leaderships, advice which Mr Hurd is expected to repeat.

Mr Hurd will be anxious to underline the right of Lithuanians to decide their own future, since London is convinced that any attempt by Moscow to suppress Lithuanian independence by force would have a disastrous effect on east-west relations as a whole.

The Foreign Secretary is visiting the Soviet Union at a time of greatly improved Anglo-Soviet relations. The rift which followed tit-for-tat expulsions of Soviet and British diplomats from London and Moscow last May, seems to be completely healed. In spite of having initiated the round of expulsions, and the sharp fall in her popularity at home, Mrs Thatcher still appears to be highly regarded in Moscow, and will be paying an official visit to the Soviet Union in June.

Brussels to push for safer ships

By Tim Dickson in Brussels

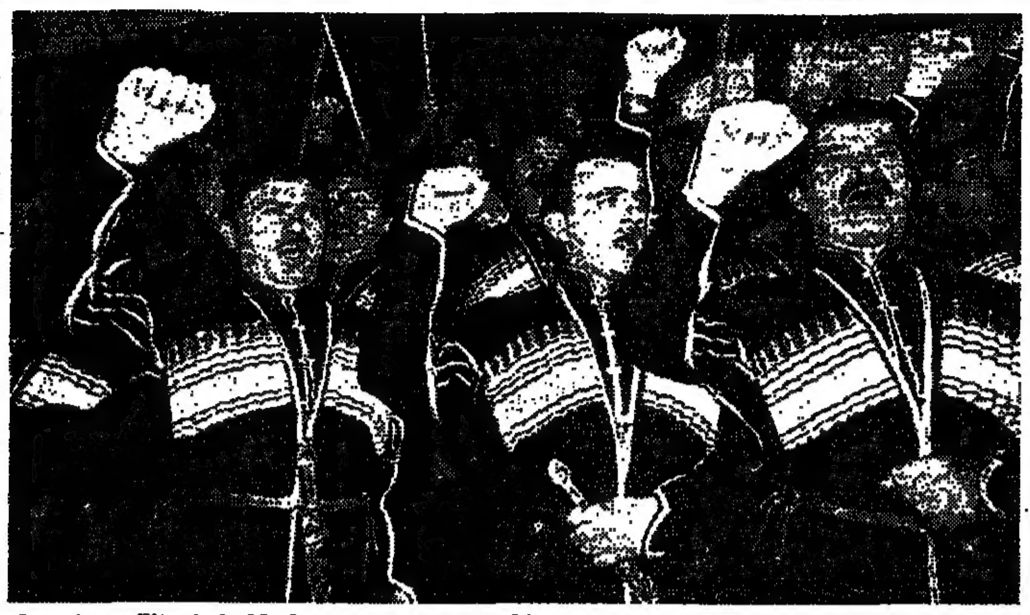
THE European Commission is likely to intensify its efforts to impose tougher shipping safety standards, following last weekend's Norwegian ferry disaster and fire aboard a ferry bound for Ireland.

They are expected to strengthen Brussels' argument that the safety question should be tackled as part of the EC's common transport policy.

Officials said yesterday that attempts to agree a common interpretation of existing International Maritime Organisation (IMO) rules had so far been rejected, because member states say the issue does not fall within the Community's competence.

They emphasised that the Commission did not want to establish new legislation but was anxious to ensure that IMO rules were consistently applied throughout the member states. At the moment there is believed to be considerable variation between the laxest and the strictest safety regime.

The Commission has already asked shipping registry organisations in the EC, including Lloyd's Register in the UK, to report on the implementation of IMO rules in relation to fire regulations. The results are expected to contribute to the Commission's deliberations, which will cover all safety issues relating to cargo as well as passenger ships.



Georgian militants in black warrior clothing taking an oath yesterday to fight for independence from the Soviet Union. Last night more than 60,000 demanded independence at a mass rally while thousands more marched to the republic's military headquarters. Nationalist leaders at the rally, part of commemorations for 20 pro-independence demonstrators killed by the Soviet army a year ago, called for a boycott of military service and urged unity in the drive for independence.

Lithuanian overture rejected

By John Lloyd in Moscow

THE SOVIET leadership last night again turned the screw on the Lithuanian independence movement by rejecting a compromise offer. The presidential council, the body of advisers newly appointed and chaired by President Mikhail Gorbachev, "concluded that additional economic, political and other measures should be taken to protect the USSR constitution, the interests of citizens living in the republic and the Soviet Union as a whole".

The council described the offer as "leading to a dead end". It said that "the present Lithuanian leadership is blocking any exit from the crisis with its anti-constitutional actions and the escalation of illegal measures".

A week ago, Lithuanian negotiators, had offered to delay any further moves towards independence, hold a referendum, recognise Soviet interests in the area (including the continued stationing of troops) and preserve the economic structure. They insisted, however, that Lithuania's independence was not negotiable.

Anti-independence deputies in the Soviet parliament yesterday proposed the declaration of presidential rule in Lithuania, dissolution of its parliament and the calling of fresh elections.

In Latvia, meanwhile, the new pro-Moscow leadership of the Communist party, elected after a walk-out by the minority pro-independence wing over the weekend, has cracked down on the nationalist press.

Union fights Swedish austerity

By Robert Taylor in Stockholm

SWEDEN'S powerful blue-collar trade union movement, the LO, appeared to be on a collision course with the Government last night after its leaders rejected the new austerity package designed to deal with the country's economic troubles.

The LO's executive said it would seek substantial wage increases for its members soon to compensate for the cuts in living standards involved in the Government's plans to increase indirect taxation, cut back social benefits and postpone promised social reforms like longer holidays and parental leave from work.

Sweden's monthly price index will be published tomorrow and is expected to take the annual rate of inflation above 4 per cent so far this year.

Under a two-year national pay agreement signed early last year, it was agreed that further negotiations might take place when prices rose above 4 per cent during 1990. The unions are expected to call for an immediate re-opening of wage talks with the employers.

There is a growing danger of industrial conflict in the early summer if employers decide to resist union attempts to re-open their wage agreements.

The Government is reluctant to intervene directly in wage bargaining but ministers do not disguise their wish to see wage cost pressures contained.

Arianespace to resume launches this summer

By George Graham in Paris

ARIANESPACE, the European space rocket consortium, plans to resume launches this summer, only a few months after its latest model blew up with two Japanese satellites worth $430m on board.

Mr Frédéric d'Allest, the chairman, said yesterday that the loss of the rocket "does not put into question the concept of the Ariane 4 launcher."

The consortium won a contract to launch two satellites for Hughes Communication of the US just days after the explosion. But the successful launch of a satellite at the weekend by China's Long March 3 rocket, as well as the piggy-back launch last week of the US Pegasus booster from a B52 bomber, have reminded Ariane that its pre-eminence in the market is contested.

Arianespace put 25 satellites into orbit in a run of 17 successful launches. It has an order book for 32 more launches worth around FFr13.5bn, (£1.43bn) perhaps half the world market.

An inquiry blamed the explosion in February on an obstruction in the water feed circuit of one of the rocket's four motors, causing a loss of thrust 6.2 seconds after lift-off. The blockage was probably due to "a foreign object."

All 44 changes recommended by the inquiry would be implemented before the next flight, said Mr d'Allest.

Haughey voices his summit expectations

MR Charles Haughey, the Irish Prime Minister and current EC president, said last night he expected the Dublin summit on April 28 to "take some decisions on political union," writes Tim Dickson in Brussels. Speaking after meeting Mr Jacques Delors, Commission president, he said there was a "definite view" among some heads of government that an inter-governmental conference on institutional change should take place at the same time as the planned conference at the end of the year on economic and monetary union.

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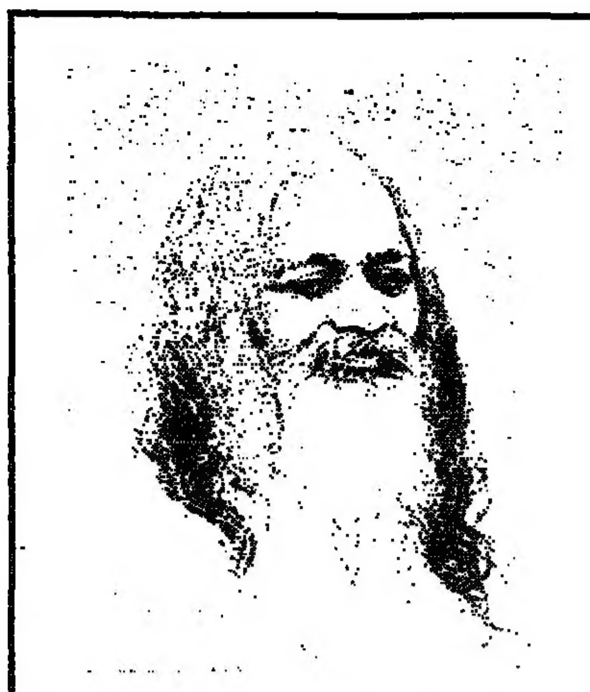
OFFERS THE BALANCE OF POWER IN THE WORLD TO ANY GOVERNMENT



His Holiness Maharishi Mahesh Yogi

'It must be very easy for anyone with the slightest intelligence to understand that if the Unified Field of Natural Law—the total value of all the Laws of Nature—could be accessible to anyone, nothing will be impossible for him at any time.'—Maharishi

Half a century ago, Einstein brought to the attention of President Roosevelt the enormous destructive potential available at the nuclear level of Natural Law. 'Hiroshima' was the result, and the balance of power in the world fell into the hands of the destroyer.

Today, Maharishi is offering the balance of power in the world to any government through the use of the indomitable, nourishing power of Natural Law available in the Unified Field of all the Laws of Nature.

As the Unified Field is the most basic field of Natural Law, the Unified Field Technology is the most powerful technology—much more powerful than the electronic and nuclear technologies.

Any government which uses the Maharishi Technology of the Unified Field will hold the balance of power in the world and have the ability to nourish every nation and will enjoy the guiding role—parental role—in the family of nations.

For decades the world had been under an umbrella of fear and suppression due to the balance of power resting in the hands of those having the maximum ability to destroy.

Today, however, with the rise of the *Maharishi Effect* (coherence) in world consciousness brought about by the Maharishi Technology of the Unified Field, the destructive capabilities of the superpowers have been subdued and this has created the dawn of a new era of freedom in the world.

Now time demands that governments succeed in handling this global rise of freedom and guide it in the evolutionary direction, so that everyone and every nation in the world realizes the supreme goal of freedom—Heaven on Earth.

For this there is only one choice—take recourse to the nourishing, evolutionary power of Natural Law through the Maharishi Technology of the Unified Field and thereby come into alliance with Nature's Government.

By establishing a group of 7000 people professionally engaged in the Maharishi Technology of the Unified Field, any one government can ensure that all political, economic, social, and religious trends in the family of nations are always positive, progressive, and peaceful.

INVITATION TO GOVERNMENTS

Everything is possible for any government today through the Maharishi Technology of the Unified Field.

All governments are invited to work with the Maharishi Heaven on Earth Development Corporation to make use of this Technology of the Unified Field and create Heaven on Earth in their countries—perfection in every area of life. *(See following page.)*

Even if government leaders do not fully comprehend the theoretical knowledge of the Unified Field, now that the Technology of the Unified Field is available, the understanding of the theory is not at all important. What is important is its application which is simple and effective.

The apple fell, Newton formulated his Law of Gravity. The understanding of Newton's Law however, is not necessary in order to make an apple pie and enjoy it. Anyone can switch on and enjoy TV, radio, electricity, etc. Theoretical knowledge is a luxury, not a requirement.

It is enough that the benefits of the Technology of the Unified Field have been verified by hundreds of scientific research studies.

As the Unified Field is the ultimate reality—unbounded, infinite, and eternal—new theories will always emerge from different angles, but the Maharishi Technology of the Unified Field will always be the only means to substantiate any new theory at any time.

Whatever could ever be derived from the Unified Field is available now. Governments have a choice to create Heaven on Earth now or let it be the achievement of their successors.

If the government wants to get the benefit of the Maharishi Technology of the Unified Field without their direct participation in the process, the Maharishi Heaven on Earth Development Corporation will organize the fulfilment of their desires. It's the natural joy of a gardener to offer the fruit without involving anyone in the process of growing it.

The target is creation of Heaven on Earth—perfection in every area of life—life always according to Natural Law—daily life free from problems and suffering. Such an ideal society is certainly possible to create through UNIFIED FIELD-BASED ADMINISTRATION. *(See following page.)*

A government has only to maintain a group of people professionally engaged in the Maharishi Technology of the Unified Field and this will place the government on the height of success.

Heads of State are invited to ask for results and not waste time collecting opinions from their scientific advisers who may have known science only in terms of the objective approach, and therefore may not know that the Unified Field is the field of consciousness, and that its technology can only be the technology of consciousness. Anything regarding the Maharishi Technology of the Unified Field is completely beyond the expertise of such scientists.

Our invitation to governments warmly extends to all levels of government—national, state, and city.

Governments are invited to contact:

Maharishi Capital of Heaven on Earth
Maharishi Nagar, 201 304
U.P., India

DISCOVERY OF THE UNIFIED FIELD

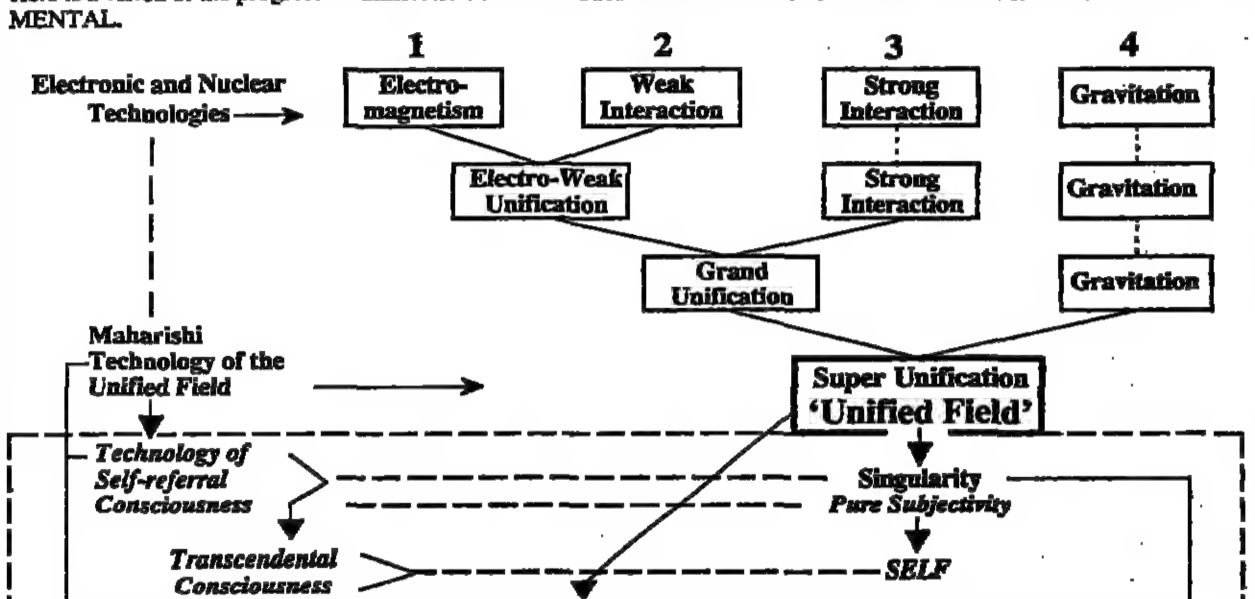
The Unified Field of all the Laws of Nature, has been discovered by the Quantum Field Theories of Modern Physics.

This theoretical discovery of the Unified Field has been confirmed through the Maharishi Technology of the Unified Field which provides practical proof of the existence of the Unified Field and its application in every area of life.

Historical Development of Unified Field Theories

Progress in High Energy Physics during the past decade has led to a progressively more unified understanding of the Laws of Nature culminating in the recent development of completely Unified Field Theories. This unification began with Electro-Weak Unification followed by Grand Unification of the strong, weak, and electromagnetic forces, followed by Super Unification of all the fundamental forces and particles. These theories locate a single, self-referral Unified Field at the basis of all diversity in Nature.

Here is a vision of the progressive unification of the FOUR FORCES OF NATURE which were once considered FUNDAMENTAL.



The Super Unification level of reality, the Unified Field of all the Laws of Nature, is the infinite reservoir of energy and intelligence at the basis of creation. All the Laws of Nature are the dynamics of the Unified Field. All the Laws of Nature emerge from here and conduct all processes of creation and evolution from here.

Complete knowledge of this level of reality is available in the most ancient record of knowledge, the Ved and Vedic Literature, which displays the *'fluctuations'* of the Unified Field in the form of PRIMORDIAL SOUNDS (Vedic Mantras) spontaneously generated from the self-referral move *(Vrittis)* of the intelligence of the Unified Field within itself while recognizing itself in terms of the three qualities of the 'observer', 'process of observing', and the 'observed' within the Samhita (unified) quality of its self-referral state.

The Unified Field, being the field of pure consciousness, the field of pure wakefulness, spontaneously carries the notion of relationship of it with itself within its structure of pure singularity. This notion of relationship *(Sambandha)* gives rise to (the notion of) the self-interacting dynamics and the consequent emergence of fluctuations (of the Unified Field) characterized by specific sound values or frequencies which are demonstrated in Vedic Literature giving rise to material creation, within the self-referral structure of pure consciousness, the Unified Field, pure singularity.

Technology of the Unified Field is demonstrated throughout the Vedic Literature. For example, प्रकृतिं स्वामवष्टभ्य विसृजामि पुनः पुनः—*Prakritim swam awasthabhya visrijami punah punah*—'Self-referral tendency of pure consciousness gives rise to the creative process.'—*(Gita)*. योगस्थः कुरु कर्माणि—*Yogasthah kuru karmani*—'Established in the Self, perform action.'—*(Gita)*. The Technology of the Unified Field is also demonstrated in all ancient records of knowledge about the ultimate reality throughout the world, which highlight the Unified Field and recommend that human consciousness be brought into attunement with the Unified Field level of reality—the cosmic level of nature's intelligence. This offers to us all values of the science and technology of the Unified Field from many different angles, recorded in different languages and different expressions in the eternity of time on the ground of the Unified Field.

Super Unification

Unified State of the observer, process of observation, and the observed—the field of pure knowledge. In Vedic Terminology, the Unified Field is called SAMHITA, the observer is called RISHI, dynamism of the process of observation is called DEVATA, and the observed is called CHHANDAS. Thus the Unified Field is the field of Samhita of Rishi, Devata, and Chhandas—the field of pure knowledge—the Ved. (Scientists will appreciate that the three-in-one structure of the Unified Field is available in the three-in-one structure of pure consciousness—pure knowledge—the Ved.)

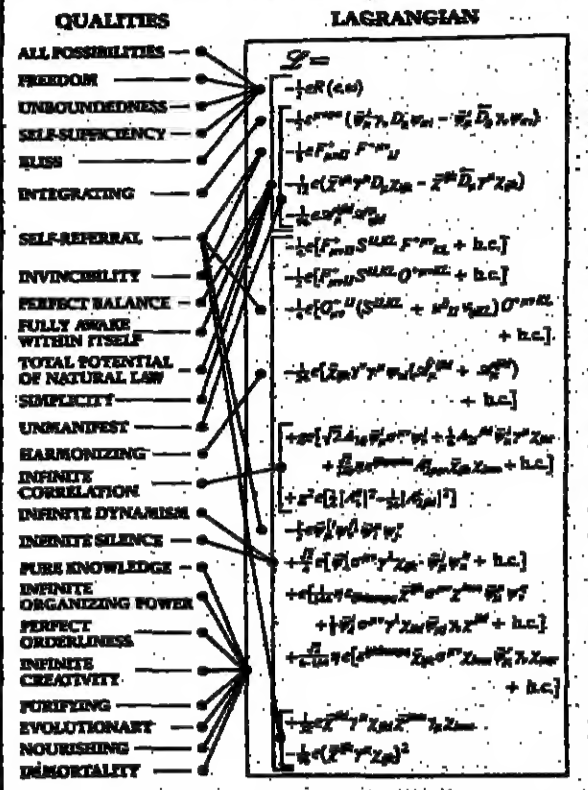
Singularity

Self-referral field of consciousness, Transcendental Consciousness, in which the observer is observing himself. This pure wakefulness—*Yogic Chetna*—is described by Patanjali Yog Sutras as KAIVALYA (Singularity), the State of Yog in which the observer is established in himself. तदा द्रष्टुः स्वरूपेऽवस्थानम्—*Tada drashtuh swarupe avasthanam* and वृत्तिसारूप्यमितरत्र—*Vritti sarupyam itah atra*—'Tendencies (of the observer) emerge from here (self-referral state) and remain here (within self-referral state)'. These two Yog Sutras together define the structure of SAMHITA of Rishi, Devata, and Chhandas—the Ved—Unified Field.

The discovery of the Unified Field has bridged the gap between the old and new understandings about the ultimate reality.

The Maharishi Technology of the Unified Field, on one side, has brought scientific validation of the Unified Field Theories, and on the other side, has provided scientific validation of the most ancient understanding of the ultimate reality available in the Vedic Literature. The objective approach of modern science has shaken hands with the subjective approach of Vedic Science. This is the supreme achievement of our scientific age.

QUALITIES OF UNIFIED FIELD DERIVED FROM LAGRANGIAN OF UNIFIED FIELD



The Lagrangian is the most compact mathematical expression of the structure of the Unified Field and its self-interacting dynamics.

The Lagrangian mentioned here is the Lagrangian of the N=8 Supergravity Theory which is the first completely Unified Field theory to emerge from the study of modern High Energy Physics.

The N=8 Supergravity Theory has since given rise to still more complete Unified Field Theories based on the Heterotic String. These Superstring Theories can be shown to display the same fundamental properties and characteristics derived from this Lagrangian. Refer to Scientific Research.

This chart presents a few key characteristics of the Unified Field derived by Dr John Hagelin, Professor of Physics at Maharishi International University, from the Lagrangian of N=8 Supergravity theory formulated by Dr Bernard de Wit and Dr Hermann Nicolai.

As the characteristic qualities of the Unified Field—pure intelligence, self-referral, self-interacting, etc.—are the defining characteristics of consciousness in its self-referral state, and as Maharishi's Transcendental Meditation leads the conscious mind to the state of Transcendental Consciousness, pure consciousness, Transcendental Meditation provides the technology for direct experience and practical utilization of the total potential of Natural Law available in the Unified Field.

Furthermore, it has been established through hundreds of scientific research studies during the past thirty years that the qualities of the Unified Field develop in the individual and society through the Transcendental Meditation Programme. This has repeatedly confirmed that Maharishi's Transcendental Meditation and *TM-Sidhi* Programme provide a tested and proven Technology of the Unified Field for anyone to achieve anything.

Accessibility of the Unified Field to the conscious mind has opened all possibilities to life. The qualities of the Unified Field derived from the Lagrangian of the Unified Field are described below in the language of Physics.

- **ALL POSSIBILITIES:** All possible local gauge-invariant operators are generated by non-perturbative quantum gravitational effects at the Planck scale.
- **FREEDOM:** The graviton remains a free, unbound particle in the physical spectrum, and the entire supermultiplet becomes asymptotically free at the Planck scale.
- **UNBOUNDEDNESS:** The translational invariance of the Lagrangian density; also expressed by the graviton, which is the gauge field of an infinite range force.
- **SELF-SUFFICIENCY:** The graviton does not participate in the activity of preon binding and is a singlet with respect to the internal SO(8) and SU(8) symmetries of the Lagrangian.
- **BLISS:** Expressed by the continuous effervescence of topological fluctuations at the Planck scale and by the universally attractive nature of the graviton field.
- **INTEGRATING:** The gravitino fields dynamically uphold local supersymmetry, which integrates the different spin components of the supermultiplet maintaining the unbroken wholeness of the superfield.
- **SELF-REFERRAL:** The non-Abelian property of self-interaction of the vector fields that uphold the local SO(8) symmetry. The property of self-interaction is also present in the graviton, gravitino, spinor, and scalar fields, and therefore in the entire supermultiplet.
- **INVINCIBILITY:** A non-Abelian gauge field dynamically upholds its own invariance under local symmetry transformations.
- **PERFECT BALANCE:** Supersymmetry—perfect balance of bosonic and fermionic degrees of freedom.
- **FULLY AWAKE WITHIN ITSELF:** The zero-point motion of the Quantum Fields reaches its ultimate level of dynamism at the Planck scale.
- **TOTAL POTENTIAL OF NATURAL LAW:** All the fundamental field types are fully enlivened as dynamical degrees of freedom at the Planck scale.
- **SIMPLICITY:** All of the fundamental components together comprise a single irreducible representation of the symmetry group.
- **UNMANIFEST:** The fundamental components of the supermultiplet, the preons, do not appear as manifest particles.
- **HARMONIZING:** The gravitino is the gauge field of local supersymmetry, which unites completely opposite values—bose and fermi fields.
- **INFINITE CORRELATION:** Expressed by the terms which uphold the local SO(8) gauge invariance of the Lagrangian.
- **INFINITE DYNAMISM:** The trilinear and quartic couplings describe the dynamical interaction of the preon fields.
- **INFINITE SILENCE:** The trilinear and quartic couplings preserve the invariance of the Lagrangian under local supersymmetry transformations.
- **PURE KNOWLEDGE:** The Lagrangian is the most compact mathematical expression of the complete structure of the Laws of Nature.
- **INFINITE ORGANIZING POWER:** The Hamiltonian operator, derived from the Lagrangian by a Legendre transformation, governs all activity in the universe.
- **PERFECT ORDERLINESS:** The SO(8), SU(8), and extended super-Poincaré symmetries of the Lagrangian.
- **INFINITE CREATIVITY:** The fountainhead of Natural Law—from this unified source all the particles and forces of nature are generated through the process of dynamical *symmetry breaking*.
- **PURIFYING:** The symmetries of the Lagrangian, which are broken at macroscopic distances, are spontaneously restored at the Planck scale.
- **IMMORTALITY:** The time-translational invariance of the Lagrangian density.
- **NOURISHING:** The supermultiplet is a gauge field which dynamically upholds the unified structure of all its individual components.
- **EVOLUTIONARY:** The Hamiltonian operator generates the time-evolution of the universe.

All these beautiful, evolutionary qualities of the Unified Field blossom in individual and collective life through the Maharishi Technology of the Unified Field.

The enlivenment of all these qualities in world consciousness was beautifully demonstrated by the improved quality of world events when 7000 experts in the Maharishi Technology of the Unified Field (the square root of one per cent of the world's population) gathered at Maharishi International University from December 17, 1983 to January 6, 1984. This historic assembly along with other subsequent assemblies have verified the practical formula to create a Unified Field-Based Ideal Civilization—Heaven on Earth. *(See 'The Maharishi Effect'.)*

THE MAHARISHI EFFECT

Scientific Validation of the Maharishi Technology of the Unified Field

Extensive scientific research has verified that the qualities of the Unified Field *(see chart)* develop in the individual and society through the Maharishi Technology of the Unified Field.

Over 430 scientific studies, conducted at more than 150 research institutions in 27 countries, have demonstrated the profound physiological, neurophysiological, psychological, and sociological benefits which result from individual and collective practice of the Maharishi Technology of the Unified Field.

Thirty-five of these studies examine the **MAHARISHI EFFECT**—the effect on society of the collective practice of this technology. The *Maharishi Effect* is the **FIELD EFFECT** generated by the self-referral performance (phenomenon of '*Yogic Flying*') of the experts in the Maharishi Technology of the Unified Field, which produces maximum coherence in the brain functioning of the '*Flyers*' and radiates coherence throughout creation, enlivening the qualities of the Unified Field in Nature. As a result, all values of life are enriched and all trends in society are rendered positive and in the evolutionary direction.

Many carefully controlled experiments on the *Maharishi Effect* have appeared in leading scientific journals such as the *Journal of Conflict Resolution*, *Journal of Crime and Statistics*, and *Journal of Mind and Behavior*, establishing that as little as the square root of one per cent of a population collectively practising the Maharishi Technology of the Unified Field in one place is sufficient to produce the *Maharishi Effect*, transforming the quality of life in society from crime, negativity, war, and terrorism to positivity, coherence, progress, and prosperity.

These studies have utilized the most advanced and rigorous research designs and statistical methodologies (time series impact assessment analysis, a special case of Box-Jenkins transfer function analysis) to precisely evaluate the effect of large coherence-creating groups on standard sociological measures of the quality of life in cities, provinces, nations, and the world.

These studies have rigorously demonstrated the power of the *Maharishi Effect* to a degree of certainty which is unparalleled in the sociological sciences, and even in the physical sciences. Thus the *Maharishi Effect* has been more extensively documented and thoroughly established than any other phenomenon in the field of scientific research. ***The Maharishi Effect in itself proves the existence of the Unified Field and man's ability to operate from this level.***

The most recent studies provide powerful evidence that the dramatic improvement in relations between the superpowers, along with other positive events—rise of freedom and peace—which are changing the destiny of nations everywhere, can be attributed directly to the ***Global Maharishi Effect***—the rise of coherence in world consciousness produced by groups practising the Maharishi Technology of the Unified Field in many countries.

VERIFY MAHARISHI EFFECT

It is very easy for any government to verify the *Maharishi Effect* directly by establishing a group of experts practising the Maharishi Technology of the Unified Field equal to the square root of one per cent of the country's population. Maintain a record of reduced crime rate, accident rate, and hospital admissions, etc. and of the rise of positive trends in the whole society.

After three months dismantle the group and observe the reversal of positive trends, and continue to monitor the reemergence of crime and problems as long as the government can afford to watch.

Repeat this experiment as often as it takes for the government to convince itself about the power and effectiveness of the *Maharishi Effect*; and thereafter maintain a permanent coherence-creating group as an essential part of the national administration to create and perpetuate the *Maharishi Effect* in the country.

Every responsible government will make every effort to convince itself as soon as possible, and not waste a day in favour of creating a problem-free society—Heaven on Earth.

'There does not exist, nor will there ever be, a more powerful or proven technology to transform the trends of life in society. No government worthy of the name could deprive its citizens of the immense practical benefits of this most advanced knowledge of our scientific age.'—Maharishi

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PROGRAMMES TO BRING PERFECTION TO EVERY AREA OF NATIONAL LIFE

With the discovery of the Unified Field of all the Laws of Nature and the availability of the Technology of the Unified Field, any government can rise to any height of achievement and prove to be a government worthy of this scientific age, with command over all the Laws of Nature.

Every government now has a choice to create a problem-free, ideal nation through this Unified Field-based approach—the most exalted, supreme level of scientific approach—or continue to live with problems following the old unscientific, whimsical, and therefore ineffective political approaches.

During Maharishi's world travels, over the last thirty-five years, extensive scientific research conducted at more than 150 research institutes in 27 countries has repeatedly demonstrated that it is possible to eliminate the centuries-old problems of administration of society through the application of the Unified Field in all areas of national life—education, health, economy, rehabilitation, agriculture, government, and defence.

His Holiness Maharishi Mahesh Yogi

UNIFIED FIELD-BASED GOVERNMENT

Maharishi's Unified Field-Based Administration offers to every government that supreme efficiency with which Nature governs the universe.

Now any government can rise above problems and attain any desired height of achievement by enlivening the infinite organizing power of the Unified Field in national consciousness.

$\sqrt{1\%}$ SQUARE ROOT OF ONE PER CENT

What is fortunate is that only the square root of one per cent of the population of a country practising the Maharishi Technology of the Unified Field in any one place is sufficient to fully enliven the evolutionary qualities of the Unified Field in national consciousness, creating coherence in the collective consciousness of the nation, resulting in positive, evolutionary trends throughout society.

COHERENCE CREATING GROUP

Here is Maharishi's offer to every government in the world to come in alliance with Nature's Government and create a perfect administration by establishing and maintaining a COHERENCE-CREATING GROUP in the country.

IDEAL SOCIETY

This beautiful approach of enlivening the Unified Field in national consciousness, strengthens the government and improves the destiny of the nation in such a balanced and natural way, that the creation of an ideal society can be a reality for any sovereign nation within a short period of time.

GOVERNMENT—MIRROR OF THE NATION

In his Absolute Theory of Government, Maharishi explains that every government, irrespective of its system, is an 'innocent mirror' of the nation. The strength and success of any government depends upon the strength and integrity of national consciousness.

Every government draws its inspiration and vitality from the collective consciousness of the people, therefore it is essential that the government does everything that it can to maintain the highest quality of national consciousness.

HANDLING THE NATION AS A WHOLE

There is a universal lack in the skill of administration of every government in the world. Different ministries administer specific areas of national life but there is no ministry to handle the nation as a whole.

If the holistic value of the nation—national consciousness—is not attended to, administration will always be incomplete and inadequate, and problems will continue throughout society.

It is fortunate that the new leadership of the world is wisely recognizing this reality. *'Consciousness precedes physical being, and not the other way around, as the Marxists claim... Without a global revolution in the sphere of human consciousness, nothing will change for the better in the sphere of our being as humans.'*—President Havel of Czechoslovakia

Governments can now update and make their system of administration perfect by maintaining a coherence-creating group which will create and maintain the *Maharishi Effect* (coherence) in national consciousness, and thereby disallow problems to arise in the country.

PARENTAL ROLE

Governments have a parental role of bringing maximum success and happiness to their people. Now the discovery of the Unified Field and the availability of the Technology of the Unified Field make it mandatory for any government to set up its administration on the basis of the infinite organizing power of the Unified Field of Natural Law. With the full support of the nourishing, evolutionary power of Natural Law, every government can fully satisfy everyone in the country and thereby fulfil its parental role.

SPONTANEOUS LAW AND ORDER

Maintenance of law and order through fear of punishment—police and prison—has always been painful to the government and the people both, but until now there has been no alternative. Very fortunately now the Maharishi Technology of the Unified Field is available, which, by enlivening the qualities of the Unified Field—perfect orderliness, etc.—in national consciousness, renders all trends in society orderly and evolutionary.

A KIND QUEST

Throughout time, every Head of State in his quiet moments has always thought: 'What more can I do for my people.' Now, through the Maharishi Technology of the Unified Field, every government can bring fulfilment to this eternal quest in the loving heart of every Head of State.

FULFILMENT

Every government, through the Maharishi Technology of the Unified Field, can now achieve the supreme goal of governmental organization and really create ideal administration which will match the administration of Nature's Government—always evolutionary and enriching to everyone.

PROBLEM-FREE NATION

Problems result from the violation of Natural Law.

Violation of Natural Law is inevitable when the population is not trained to think and act spontaneously in accord with Natural Law.

Maharishi's Unified Field-Based Education is the key for every government to create a problem-free nation.

GOVERNMENT AND NATURE'S GOVERNMENT

Nations have always been administered by man-made law. Now the technology is available to use the skilled hand of nature to administer society. Any government will be perfect when the society is governed by national law and Natural Law both simultaneously.

The technology for perfect government—Unified Field-Based Administration—is to establish a coherence-creating group in the country, which will enliven the Unified Field in national consciousness and thereby enable the government to govern with the same silent perfection with which the Government of Nature governs the universe.

UNIFIED FIELD-BASED HEALTH

Maharishi's Unified Field-Based Health simultaneously promotes the health of the individual and the collective health of the nation by bringing life into accordance with the full potential of Natural Law—the Unified Field.

PERFECT HEALTH

Perfect health is the natural state of life when human awareness is fully enlivened with the self-referral state of the Unified Field, resulting in the enlivenment of the qualities of the Unified Field in all aspects of psychological and physiological functioning.

If human awareness is not open to the Unified Field of Natural Law, then violation of Natural Law is inevitable, resulting in sickness, suffering, ageing, and all problems of ill-health.

Maharishi's Unified Field-Based approach to health brings life into accordance with Natural Law, leading to perfect integration of mind, body, and behaviour, leaving no chance for weakness to remain on any level—individual, national or international.

SCIENTIFIC RESEARCH

Extensive scientific research has demonstrated the profound physiological benefits of the Maharishi Technology of the Unified Field, including the development of perfect health and a reversal of biological ageing.

This Unified Field-based approach to health bestows perfect health to the nation by creating coherence in national consciousness and neutralizing negative and conflicting tendencies that result in crime, social disorder, and other unhealthy trends in society.

ONE GROUP FOR NATIONAL HEALTH

By maintaining a group of experts in the Maharishi Technology of the Unified Field equal to only the square root of one per cent of the population, any government can achieve this highest ideal of perfect health.

Perfect health of the nation means an integrated society, characterized by the absence of problems and by unrestricted creativity and progress in every sphere of national life.

MAHARISHI AYUR-VED

Maharishi Ayur-Ved, a precious aspect of Maharishi's Vedic Science, is complete Ayur-Ved according to the traditional literature of Ayur-Ved—according to the six Samhitas of ancient Ayur-Ved, which contains within it the entire knowledge of the Unified Field of Natural Law and its application for perfect health.

PREVENTION AND CURE

Maharishi Ayur-Ved offers to the health custodians of every country a complete and perfect system of prevention, which alone can create a disease-free society and reverse the spiralling health care costs in every country.

Furthermore, it offers fully effective, time-tested, natural treatments for the cure of all forms of disease, without producing harmful side-effects.

DISEASE-FREE SOCIETY

It is on the strength of MAHARISHI AYUR-VED that a global programme is underway to create a disease-free society in every country.

UNIFIED FIELD-BASED ECONOMY

Maharishi's Unified Field-Based Economy is characterized by FULFILLING PROGRESS without stress because it follows Nature's 'principle of least action' which spontaneously maintains evolution of everything.

Maharishi's Unified Field-Based Economy offers progress and fulfilment without HARD WORK, without STRESS and FATIGUE, and without problems because it utilizes the infinite reservoir of energy and intelligence in the Unified Field, employing the skilled, expert hand of Nature to work out one's intention.

CREATIVITY

The contribution of the Maharishi Technology of the Unified Field in economics is unlimited for the simple reason that infinite creativity and organizing power, which form the basis of all prosperity and progress, are fully lively in the Unified Field.

Since the Unified Field is located in the simplest state of human awareness, pure consciousness, every individual has unlimited creative potential.

When national creativity is fully enlivened through the group practice of the Maharishi Technology of the Unified Field, the entire nation will enjoy unrestricted progress and prosperity.

SUPREME GOAL OF ECONOMY

Progress in any field requires putting together so many diverse values that a stressed or tired mind simply cannot accomplish it. That is why, if the supreme goal of economy is to be achieved, it is necessary that no one in the nation is allowed to get tired. For this it is necessary that everyone is educated and trained to work in alliance with Nature's Government through the Maharishi Technology of the Unified Field so that everyone is always fresh.

STRESS-FREE ECONOMY

The Maharishi Technology of the Unified Field provides the daily experience of the Unified Field in which the awareness becomes unbounded.

The experience of unboundedness neutralizes the stress and frustration born of routine work and at the same time enlivens in the awareness of the individual all the qualities of the Unified Field that are fundamental to economic growth—creativity, dynamism, intelligence, organizing power, and all possibilities.

GROUP PERFORMANCE

The group practice of the Maharishi Technology of the Unified Field is vital in every industry where people are engaged in routine work. This will maintain perfect health of the workers and maintain a healthy economy.

Technology of the chemical, electronic, and nuclear levels of Natural Law has raised the economy of so many countries. Unified Field Technology, being the technology of the most fundamental level of Natural Law, has the capability to take the economy of any nation to any height and deliver the supreme goal of economy—self-sufficiency and invincibility in affluence and fulfilment.

ERADICATION OF POVERTY

Half of the population of the world is suffering from poverty. Maharishi Heaven on Earth Development Corporation, Ltd. has developed programmes to eradicate poverty simultaneously in many countries through Maharishi's Unified Field-Based Economy.

UNIFIED FIELD-BASED EDUCATION

Maharishi's Unified Field-based approach to education combines the intellectual understanding of the Unified Field, discovered by modern science, with the direct experience of the Unified Field through the Maharishi Technology of the Unified Field.

It enlivens in the awareness of every student all the beautiful, evolutionary qualities of the Unified Field that are fundamental to education, including infinite creativity, pure knowledge, infinite organizing power, and all possibilities.

Maharishi's Unified Field-Based Education offers a new approach to teaching, whereby every lesson is taught with reference to the knowledge of the whole discipline, and the source of all disciplines is shown to be the field of pure intelligence—the Unified Field of Natural Law, which the student experiences as the simplest state of his own awareness, Transcendental Consciousness, during his twice daily practice of Transcendental Meditation—Maharishi Technology of the Unified Field.

INTEGRATED APPROACH

Through this integrated approach, the student grows in the awareness that all branches of knowledge are different modes of his own intelligence. He begins to feel at home with everything and everyone. This growth of self-confidence and self-sufficiency creates a balanced and integrated personality.

CREATIVE GENIUS

The creative genius of the student blossoms as his awareness is identified more and more fully with the Unified Field. Instinctively his thoughts are right; he does not make mistakes; his behaviour is spontaneously evolutionary. He grows in ideal citizenship—the ability to fulfil his own interests and promote the interests of society simultaneously. The natural simplicity of his daily life radiates the dignity of higher states of consciousness.

This is the product of Unified Field-Based Education—a perfect man—as dearly and rightfully desired by the Prime Minister of India, V.P. Singh. Addressing the scientists of India he said, *'Science should be used to make a total man, instead of helping to fragment him, and to restore the dignity of man in a world of commodities.'*

CURRICULUM NEED NOT BE CHANGED

This Unified Field-based approach, which raises life to be lived in its full dignity, in perfect accord with Natural Law, can easily be introduced to fulfil the goals of any system of education without the need to revise the existing curriculum. Any system of education can be updated to Unified Field-Based Education by allocating only one period a week and only one minute per period for every class. 'Unified Field Charts' are available to accomplish this.

ORDERLY SOCIETY

Unified Field-Based Education will make all educational institutions the centres of 'organizing power' for the progress and harmony of the whole society, because the Unified Field, enlivened in the consciousness of the students, radiates the influence of its qualities in the whole environment. This creates and maintains orderly and evolutionary trends in society.

NEW CONCEPT OF UNIVERSITY

Introduction of the Unified Field in education will change the concept of a university from all knowledge in every campus to **fruit of all knowledge in every brain—mistake-free life—life according to Natural Law—ever-growing perfection in every field.**

UNIFIED FIELD-BASED REHABILITATION

Maharishi's Unified Field-Based Rehabilitation Programme eliminates stress and restores balance in the life of the individual and his environment. It eliminates negativity in life, promotes evolutionary tendencies, and offers the perfect means of rehabilitation by naturally raising life to be lived in accordance with all the Laws of Nature.

The Maharishi Technology of the Unified Field simultaneously eliminates stress in individual and collective consciousness, creating an atmosphere of harmony and coherence in which all members of society naturally begin to think and act in a more positive and life-supporting manner. Established in the self-referral nature of the Unified Field, the individual behaves with everyone as he would with himself.

IDEAL REHABILITATION

This ideal approach to crime prevention and rehabilitation has been validated by extensive scientific research, including studies in prisons in many countries showing improved mental and physical health, reduced negativity and hostility, and reduced recidivism. It has also been used in probationary sentencing as a positive alternative to incarceration.

EVACUATE PRISONS

Now it is within the reach of every government to empty its prisons and uphold life in its full dignity.

OLD PROCEDURES OBSOLETE

Now that successful rehabilitation is available through Maharishi's Unified Field-Based Rehabilitation Programme, it is really not right that the old, long drawn-out punishment programmes in prisons should still continue.

LIFE ACCORDING TO NATURAL LAW

Maharishi's Unified Field-Based Rehabilitation Programmes rehabilitate the criminals in such a comprehensive way, that the degree of rehabilitation and normalization of the criminal can be measured through the criteria of scientific measurement—examination of brain waves and physiological parameters—blood tests, levels of enzymes and hormones, psychological tests and behavioural tests, and development of the qualities of the Unified Field indicating the growth of life in accord with Natural Law.

Here is an invitation to all governments to abandon their old procedures for rehabilitation of criminals in prisons.

COMPLETE REHABILITATION

Governments adopting the Unified Field-Based Rehabilitation Programme will be kind to life. Criminals will be rehabilitated more thoroughly and more quickly, and they will serve society through their increased positive creativity.

UNIFIED FIELD-BASED DEFENCE

Maharishi's contribution in the field of defence is invincibility for every nation, eliminating the very need for defending by preventing the birth of an enemy.

WEAKNESS REQUIRES DEFENCE

The need for defence has its basis in fear born of weakness, which is caused by stress in individual and collective consciousness. Stress in turn has its basis in the violation of the Laws of Nature. Since education does not train the people to think and act spontaneously in accordance with the full potential of Natural Law, the whole population is **violating** laws of nature, causing stress, fear, and weakness and creating the need for defence.

ARMOUR FOR THE NATION

When all the qualities of the Unified Field are enlivened in the life of the nation through the Maharishi Technology of the Unified Field, national consciousness becomes integrated and strong, creating an invincible armour of coherence and radiating an influence of friendliness and harmony that prevents the birth of an enemy, averting the danger before it arises—*heyam dukham anagatam.*

Destructive means of defence can at best leave the enemy in a state of fear, which can serve only to postpone confrontation.

History records that destructive means of defence have always proven suicidal for any nation. Fortunately those days are now coming to an end.

VICTORY BEFORE WAR

Maharishi's Unified Field-based approach has raised defence from the ground of ignorance and cruelty, to the heights of wisdom and compassion.

Nourishing and capturing the hearts of all nations, every nation will enjoy invincibility.

Victory before war is the clarion call of Maharishi's Unified Field-Based Defence.

DESTRUCTIVE DEFENCE OBSOLETE

Leaders of defence in every country are invited to examine whether the age-old offensive defence strategy is really competent today to defend their nation, and whether manufacturing arms and current military training programmes are really competent to achieve the goal of the military.

In all fairness, it must be admitted that offensive military training and weaponry are simply inadequate and obsolete today. Any country's defence policy, continuing to base its defence on the strengths of cannons, air force, or warships simply belongs to a fool's paradise. The wise statesmen of today have awakened to this new reality: *'Security can no longer be ensured by military means.'—President Gorbachev*

Then what is the alternative? Creation of the *Maharishi Effect*—coherence in world consciousness—is the only alternative.

Maharishi's Unified Field-based strategy of defence achieves the supreme goal of defence without destruction.

DEFENCE MINISTRY

The defence ministry in every country should realize that if they develop destructive power, their neighbouring countries, out of fear, will definitely plan to amass greater destructive means, and someday destruction will be a reality on the border.

Maharishi's Unified Field-Based Defence Strategy is the only, and again, the only means of real defence for any nation in this nuclear age.

MAHARISHI EFFECT

With the rising *Maharishi Effect* (coherence) in world consciousness, the superpowers' rivalry has been subdued.

Now is the right time to create a global strategy for the defence of each country.

Through Maharishi's Unified Field-Based Defence every country will lovingly own every other country. Protected by every nation, every country will enjoy invincibility.

UNIFIED FIELD-BASED AGRICULTURE

Maharishi's Unified Field-Based Agriculture Programme creates perfect balance in Nature and brings support of Natural Law to every farmer.

ECOLOGICAL BALANCE

In recent years agriculture has made great advances in using isolated Laws of Nature to enhance the genetic quality of seeds and crops, to improve soil, and to bring marginal land under cultivation. However, these applications of partial values of Natural Law have also resulted in the creation of unforeseen imbalances such as soil exhaustion and ecological damage. Moreover, no technology has been available to ensure the support of the Laws of Nature governing the most important factor in agriculture—the weather.

As a result, no nation can guarantee agricultural self-sufficiency for its people.

SKILLED HAND OF NATURE

As all the diverse expressions and tendencies in creation have their common source in the Unified Field of all the Laws of Nature, the Maharishi Technology of the Unified Field allows the farmer to harness this fountainhead of Natural Law and employ the skilled hand of Nature to quietly organize the infinitely complex network of factors influencing agricultural production.

SUPPORT OF NATURE

By providing the direct experience of the Unified Field, the Maharishi Technology of the Unified Field enlivens all the nourishing and evolutionary qualities of the Unified Field in individual and national consciousness, allowing the full creative potential of Natural Law to nourish every level of agriculture. All the Laws of Nature will rise to support the soil, the seed, the weather, and the farmer. Seasons will come on time and crops will be abundant.

National self-sufficiency will be the harvest of Unified Field-Based Agriculture.

EC, US overcome export credit talks impasse

By Peter Montagnon, World Trade Editor

THE US and EC have agreed to set aside their dispute on farm credit support, to allow work to proceed on a fresh agreement among industrial countries to cut the cost of export credit subsidies.

The dispute, caused by the US's refusal to include farm credits as part of the reform package, had threatened to stall the reform talks taking place under the aegis of the Organisation for Economic Co-operation and Development.

Mr Eero Timonen, Finland's top export credit official, who chairs the OECD's Consensus on Export Credits, said the compromise between had let participants agree a work programme which should allow the new package to be ready in May 1991.

The EC balked at earlier US suggestions that mixed credits – export credits sweetened with development aid – should be banned for certain sectors such as telecommunications, and that steel plants should no longer be eligible for subsidised export credits because of world steel over-capacity.

It said it would only negotiate a package if the US agreed to put its commodity credits on the table. The US said this would pre-empt farm reform talks in the Uruguay Round of the General Agreement on Tariffs and Trade.

As a compromise, the US was prepared to examine the impact of subsidised farm credits, but not ready to negotiate on them in the OECD, much less agree to include new international disciplines in any final package.

This was enough to ensure some progress could be reported to next month's OECD Ministerial meeting, but means the package's final shape will still depend on the outcome of the Uruguay Round.

European negotiators have made clear they are still reluctant to negotiate on sectors such as telecommunications if farm credits are not included.

The aim of the talks is to agree fresh curbs, or even total elimination of interest rate subsidies on conventional export credits to middle-income developing countries, as well as new mixed-credit curbs.

Mixed-credits offers are still running nearly 10 per cent higher than before that agreement was struck. A noticeable shift has occurred away from aid to the poorest nations, suggesting the industrial world is diverting aid to "buy" export business from richer developing nations.

ECGD to offer investment insurance in eastern Europe

By Peter Montagnon

BRITAIN is to offer investment insurance to companies expanding into eastern Europe in the wake of political and economic changes there.

The Export Credits Guarantee Department's Overseas Investment InsuranceScheme will cover companies for up to 15 years against the main political risks of investment abroad such as expropriation, war or restrictions on remittance of profit.

The move reflects the view of Mr Nicholas Ridley, Trade and Industry Secretary, that investment capital, along with the know-how which goes with it, would be more appropriate for Eastern Europe than additional export credit finance on which interest would have to be paid.

ECGD said it would give priority to smaller ventures and those which enable East European countries to boost their hard currency earnings.

Its move follows similar efforts to help promote investment by other countries, including the US. However, bankers cautioned that the amounts of money involved are likely to remain modest.

Pepsi signs $3bn Soviet barter deal

By John Lloyd in Moscow

A $3bn deal to swap ships and vodka for Pepsi Cola was signed yesterday in Moscow. Mr Donald Kendall, Pepsico's chairman, described it as "the largest and most comprehensive trade pact ever signed between a US corporation and the Soviet Union." The deal will see the capacity of Pepsico in the Soviet Union increase from 24 to 50 plants, and the establishment of two Pizza Hut restaurants in Moscow by this summer.

In return, Pepsico will purchase ten 25,000-65,000 tonne oil tankers from shipyards on the Crimea and double sales in the US of Stolichnaya vodka, the traditional trade between Pepsico and the USSR.

EC lighter probe

The European Commission is investigating alleged dumping of disposable cigarette lighters in the EC by China, Korea and Thailand, writes Lucy Kellaway in Brussels.

The European Federation of Lighter Manufacturers, complained that between 1986 and 1988 imports of lighters from the three countries increased from 22m lighters to 55.7m.

Imported lighters were sometimes half the price of EC products.

Iran to pay debt

Iran will this year settle a long-standing Lire 540bn debt with Italstat, an Italian state holding company controlled by the Istituto per la Ricostruzione Industriale, for work on the port of Bandar Abbas a decade ago. Reuter reports from Rome.

Seoul yards busy

South Korean shipbuilders saw a sharp increase in orders in the first quarter of 1990, reflecting the upturn in world shipbuilding and diversion of orders from Japan where yards are full, writes John Ridding in Seoul.

New orders were worth $1.79bn, compared with $800m last year. Orders in hand are enough to keep Korean shipyards busy until the end of 1992.

Turkish delight over fake goods

Patent piracy boom could draw retaliation, reports Jim Bodgener

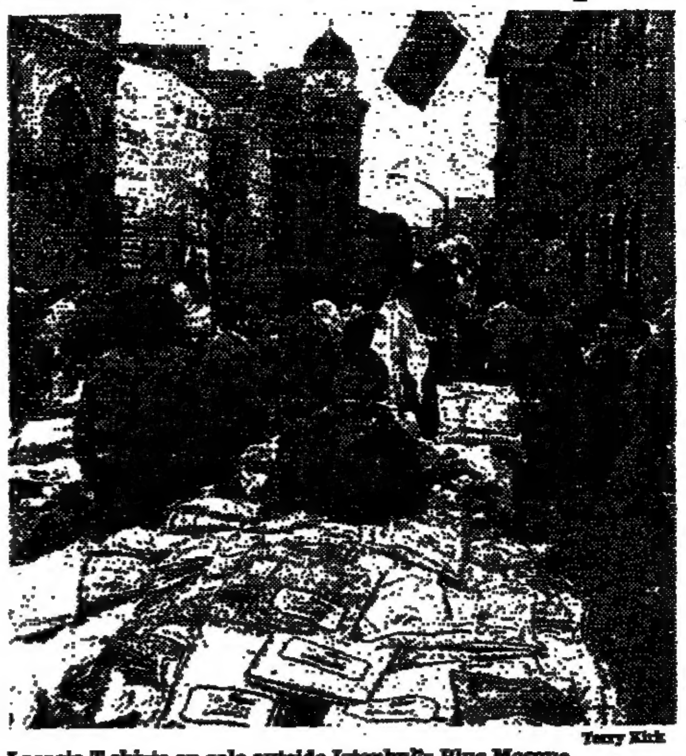
FAKE Lacoste T-shirts with the grinning crocodile logo at a fraction of the price of the real McCoy are one of Turkey's newest but most dubious tourist attractions as the country catches up on notorious Asian counterfeit centres like Singapore and Bangkok.

Intellectual property piracy in Turkey concentrates on trademarks, and most frequently affects textiles, perfumes and vehicle spare parts. According to one estimate, Turkey ranks sixth in the world in the output of counterfeit goods, with a 3.2 per cent share of global production. Turkish copies are of growing concern abroad, especially in Europe.

The best defence is the insiders' knowledge gained by a manufacturing or retailing presence in the market, like Italy's Benetton, according to Mr Aydin Deris of the Istanbul company Deris Patents and Trademarks. Hugo Boss, a leading West German apparel maker, has employed an Ankara lawyer, Mr Fatih Selim Yurdakul, almost full time for the past year to track down imposters.

Patents are even more vulnerable than trademarks under the antiquated Turkish commercial code. Pharmaceuticals, veterinary medicine and computer software are especially defenceless. Patents protection elsewhere is obstructed by red tape and registry procedures which discriminate in favour of domestic firms, although Mr Deris said that redress is possible through the courts, over time.

External pressure for reform is building, with the possibility of retaliation by the US. The issue is also bound up with



Terry Kirk

Lacoste T-shirts on sale outside Istanbul's Blue Mosque

Turkey's application for full membership of the EC. But little progress is thought to have been made since May on draft proposals kicking around for the past two years in the State Planning Organisation in Ankara.

Last November, Turkey was identified by the US as a country with dubious trade practices, although it was not thought to be a serious enough case to warrant placement on the priority watch roster. However, the influential, US-based International Intellectual Property Alliance has recommended that Turkey be moved up to priority status.

A mission last month by Mr Bruce Wilson, the US Assistant Trade Representative, sought to concentrate Turkish minds on the issue. By the end of April, the US should have identified countries under Section 301 of the 1988 Omnibus Trade Act which deny US companies adequate market protection or access. Such countries would then be asked to change their practices or face sanctions.

Pharmaceuticals are especially susceptible to patent piracy, and there are are powerful vested domestic interests trying to keep it so. Protection was withdrawn in 1961, ostensibly to keep down the price of drugs and widen choice for the Turkish public. Complaints about the lack of protection emanate more from outside Turkey than from foreign multinationals already established in the country.

Domestic industry manufactures around 90 per cent of medicines sold in Turkey, with imports consisting largely of specialised and advanced drugs, such as cancer preparations.

Most production is undertaken by joint ventures or is licensed from abroad. For example, Turkey's largest wholly domestic company, Eczacibasi, is licensed by 22 foreign companies.

It is the smaller operators which give Turkey a bad name internationally. They quickly switch production to more fashionable or profitable drugs, often depriving Turkey of a useful medicine in the process. Piracy becomes rampant once investments are made in new products, said one firm, which faces fierce competition from imitations for about a third of its product range.

Another area of growing concern is publishing, especially educational books on subjects like English Language Teaching (ELT). For example, a large UK publisher receives only a quarter of the income from sales of its university titles in Turkey. Software protection is almost non-existent under archaic copyright laws drafted in the pre-computer age, while foreign film and video makers have protested vigorously about weak prosecution of illegal copiers and distributors under a 1986 law.

World trade system 'in danger' says Brock

By Peter Montagnon, World Trade Editor

THE priority given to the Uruguay Round of multilateral trade liberalisation talks is "sorely inadequate" in much of the world, particularly Europe, but even in the US and some other major countries, a former US trade official has warned.

Mr William Brock, US Trade Representative between 1981 and 1985, said the multilateral trading system was in far greater danger now than in the early 1980s when the Round was first mooted.

The US was stretched financially because of its budget deficit and savings industry crisis.

Anti-Japanese feeling was "extremely dangerous" and the country was increasingly vulnerable to a failing of confidence that might come from the collapse of the trade talks.

"In that kind of world you just don't have the luxury of saying: why worry about the (trading) system," he said.

World trade volumes had grown faster than economic output in the 1980s because production had become more mobile, he said. That made governments feel vulnerable and more likely to resort to protectionism.

Mr Brock is one of the founder members of an international group of so-called "eminent persons" which aims to raise the profile of the Uruguay Round. Also in the group are Mr Paul Volcker, former Federal Reserve Board chairman, Mr Michael Moore, New Zealand's Trade Minister and other leading figures.

Failure in the Round would lead to aggressive regionalism and bilateralism, Mr Brock said. One of the aims of the group, which holds its first meeting in London next week, is to persuade business of the importance of the trade talks.

Yeutter ready for deal on farm trade

By Bridget Bloom in London and William Dullforce in Geneva

THE US Agriculture Secretary, Mr Clayton Yeutter, yesterday held out the prospect of compromise on the key issue of farm trade reform in the Uruguay Round of multilateral trade liberalisation talks.

At the same time, Mr Rufus Yerxa, Deputy US Trade Representative, told fellow negotiators that his country would not place "roadblocks" in the way of completing by July 15 a framework agreement for bringing trade in textiles and clothing under Gatt rules.

Officials of the European Community have argued that the US could not negotiate seriously on world farm trade reform while Congress was writing a new domestic Farm Bill. Developing countries claim that the US is stalling progress in the textiles talks.

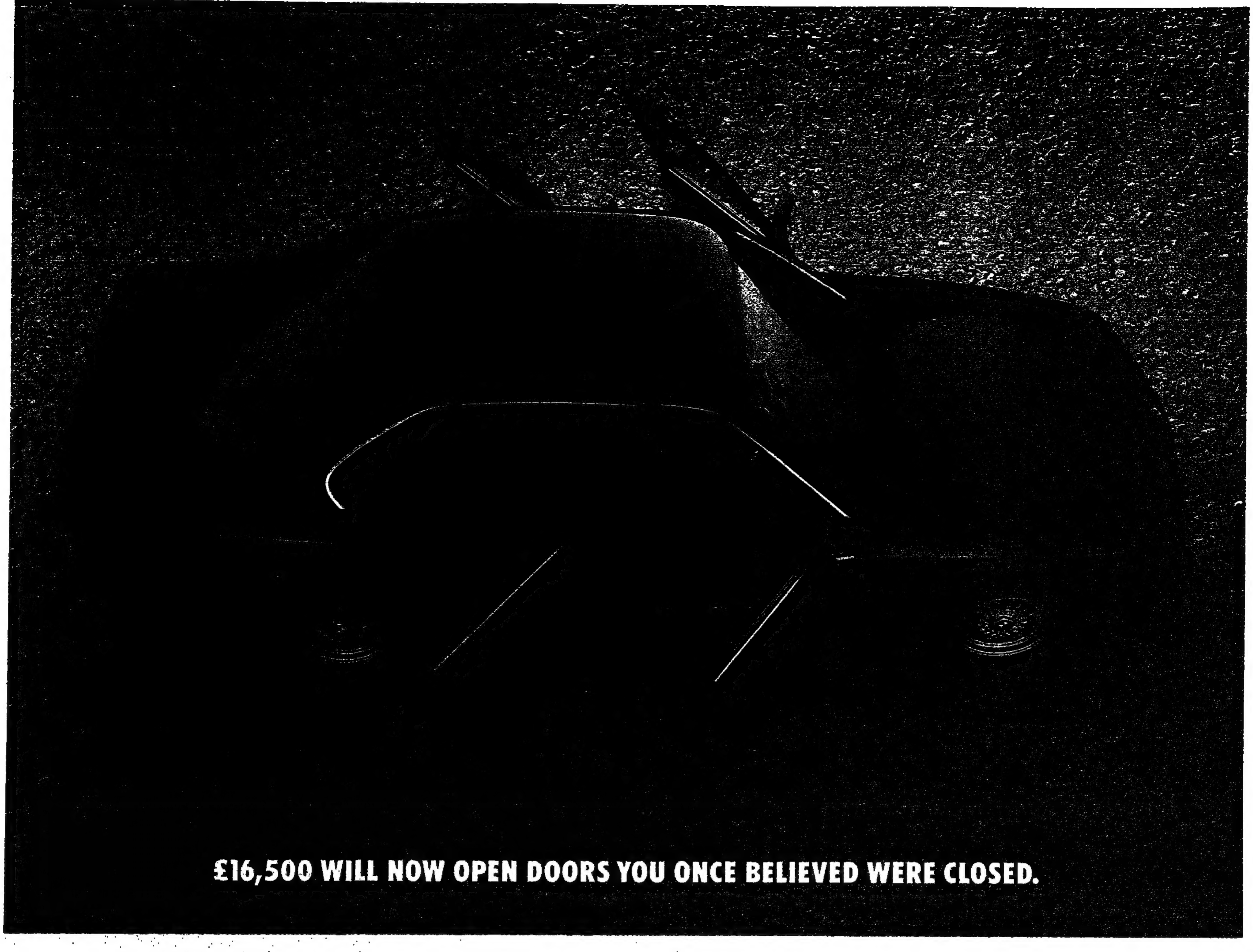
But Mr Yeutter said yesterday that despite big differences between the US and the EC on farm reform, tough negotiations in the autumn could bring agreement by December. The Farm Bill should not impede this, since it would be changed to reflect that agreement.

Mr Yeutter outlined four areas of possible compromise on farm reform, which included both the US proposals on so-called tariffication, and the EC's plans to introduce ways of measuring and thus reducing domestic farm supports.

Mr Yerxa told Gatt's Group on Negotiations on Goods that the negotiations on textiles were no longer about principles but about practical options for dealing with a transitional period before the sector was reintegrated into Gatt. The US had submitted serious proposals based on the Gatt most-favoured-nation principle and on the economic principle of comparative advantage.

The US has suggested using global import quotas for 10 years while the Multi-Fibre Arrangement governing trade in textiles is phased out. The developing countries claim this would continue restrictions by other means.

Yeutter interview, Page 32



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A car that deservedly takes its place alongside its distinguished stablemates.

Its 1.8 litre engine inherits the innovative V12 cylinder head design from the celebrated 750i, producing 115 bhp.

Creating extra stability are forged con rods.

Which together with light-weight pistons, provide an unruffled performance.

For anyone desiring a little more power, there are five six-cylinder engines in the range.

Producing an effortless 129 bhp is the 520i.

Unique in housing the only 2.0 litre six-cylinder engine in the world.

Equally impressive is BMW's 2.5 litre, which has led 'Autocar' to pen: "The heart of the 525i is BMW's beautifully free-revving 2494cc six..."

The 3.0 litre model delivers a silky 188 bhp.

With a half litre more under the bonnet, the 3430cc engine has the power to whisk you from 0-60 in a shade over seven seconds.

The pride of the series is the Motorsport M5. Its hand-built 315 bhp engine earns it the 'What Car?' accolade: "Performance Car of the Year."

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Whatever your heart (or your pocket) can cope with, you can savour every second behind the wheel.

Each car possesses a chassis and suspension developed on BMW's Dynamic Test Rig.

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Peru poll threat to Vargas Llosa

Sally Bowen reports on how a one-horse race became a contest

MR Alberto Fujimori, the dark-horse candidate in Peru's presidential elections, made an extraordinary final spurt to come in second to Mr Mario Vargas Llosa, the novelist.

The extent of popular backing for Mr Fujimori's candidacy did not become apparent until late last week. At the end of February his support measured under 1 per cent nationally and, with opinion polls banned for the final fortnight before polling, the rate at which he was moving up – almost 2 per cent a day – was widely underestimated.

Early results based on unofficial returns yesterday gave him 25 per cent of the vote, compared with Mr Vargas Llosa's 33 per cent. This was well ahead of the third-placed Mr Luis Alva Castro of the ruling American Popular Revolutionary Alliance (Apra). Some pollsters have predicted a runaway victory for Mr Fujimori in the second round, set for early June.

The first round result is a serious upset for Mr Vargas Llosa and the Democratic Front (Fredemo), which had held a substantial lead in the polls since it was formed last year. The alliance includes Mr Vargas Llosa's Freedom Movement of political newcomers and two established parties, the Popular Christian Party and Mr Fernando Belaunde's Popular Action, which has twice governed Peru.

As late as last month a first round win was predicted for the alliance candidate. Early results indicated that Mr Vargas Llosa ended up 17 points short of that target, in part because his campaign was damaged by excessive publicity and his almost messianic pledge to introduce radical economic stabilisation measures.

Final results of the presidential poll will not be known for about three weeks, while definitive congressional results are even further away.


Candidates for the run-off Fujimori, left, and Vargas Llosa

Surveys show that two-thirds of Peruvians now classify themselves as political independents. In the current campaign both Fredemo and Mr Alfonso Barrantes' splinter group, the Socialist Left, failed to capture the centre ground. Although Apra's presidential candidate did not make an impressive showing, levels of support for the party remained respectable and estimates suggest that they could emerge with almost a quarter of the seats in the new Congress.

Within an hour of polls closing, the first round winner and runner-up were exchanging congratulations. Mr Fujimori had already stated that he was not prepared to deal with any political party, but Mr Vargas Llosa invited Mr Fujimori for immediate conversations, with no intermediaries, "to save the country the inconveniences of a second round".

He said the message from the Peruvian electorate was clear. Two-thirds had voted for change, modernity and renovation and had rejected the "collectivist, statist ideology" of Apra and the Left. Admitting that the popular verdict indicated a desire for less radical measures than he had espoused, Mr Vargas Llosa nevertheless perceived many similarities between his and Mr Fujimori's manifesto.

The Fujimori campaign only swung into top gear six weeks ago and has been largely ignored by the media. A quietly determined 51-year-old agronomist, Mr Fujimori built on his reputation as a television show host by appearing at meetings around the country. Sympathy grew among the poor for the underdog who had to sell some of his possessions to finance the campaign. On the basis of early returns Mr Fujimori and his "Change 90" party are expected to win 27 of 180 seats in the lower house and 14 of 60 in the Senate.

Ironically, Indian and mixed-race voters consider *"el chinito"* as they call him, more Peruvian than the "white", European-oriented Mr Vargas Llosa. Asians in Peru are highly respected as hard-working and honest.

Mobbed by the international press last Friday when leaked polls indicated that he could cause an upset, the candidate reiterated his independent status, and emphasised the need for technical solutions to Peru's economic crisis.

The party's economic policies are vague, although Mr Fujimori is firmly opposed to shock adjustment measures. He favours the revitalisation of the economy through the export sector and concentrating on improving the performance of agriculture, mining and fishing. Only when the basic needs of the population are satisfied will he seek "adjustment measures" and tackle terrorism, he said.

Unlike Mr Vargas Llosa, he promises protection for industry for a period and opposes the complete privatisation of state enterprises. He argues that Peru's economic crisis can be solved with a team of professionals and technocrats. Even the foreign debt would eventually be repayable.

The next few days promise frenetic activity as both Fredemo and Apra try to woo Mr Fujimori. Despite Mr Vargas Llosa's appeal for an arrangement to avoid a second round, analysts consider *"el chinito"* closer politically to Apra.

Mr Fujimori gave outgoing President Alan Garcia lessons in agriculture prior to his election in 1985 and there have been firmly denied attempts from the Right to identify him as Mr Garcia's candidate. But with a complete lack of experience in his team, Mr Fujimori is likely to have to reach understandings with some traditional politicians.

Collor cuts diluted by legislature

By John Barham in São Paulo

BRAZIL'S Congress has approved a diluted version of proposals to close government companies and agencies.

After one of Congress's rowdiest sessions yet, late on Sunday, the Government is now empowered to close holding companies such as Siderbras and Portobras, which run government-owned steel mills and ports, and abolish several regulatory and development agencies. They will all be wound up and their operations transferred to the Government as a first step towards privatisation or replacement by a streamlined bureaucracy.

Among the agencies abolished are the Brazilian Coffee Institute (IBC) and the Sugar and Alcohol Institute (IAA).

The changes are part of President Fernando Collor de Mello's sweeping economic reforms. On Saturday, Congress voted in favour of closing 11 government ministries.

Congress has blunted the President's axe somewhat by awarding a more generous severance pay package for civil servants laid off by the reforms and rescuing some bureaucrats' jobs.

Ms Zelia Cardoso de Mello, the Economy Minister, held meetings with congressional leaders to dissuade them from supporting a proposal by the dominant Brazilian Democratic Movement Party (PMDB) that would order her to speed up the release of financial assets blocked under the emergency inflation policy. Politicians are increasingly concerned with the recessionary impact of these measures, which withdrew $115bn from the economy overnight, paralysing manufacturing industry and curtailing foreign trade.

US bus dispute deepens as Greyhound goes to court

By Roderick Oram in New York

GREYHOUND LINES, the only nationwide bus service in the US, filed suit yesterday against its union, escalating a bitter five-week-old strike marked by violent picketing and a spate of shootings at Greyhound buses.

Under the draconian Racketeer Influenced and Corrupt Organisation (Rico) statutes, the company is seeking $80m in damages and a court appointed receiver for two branches of the Amalgamated Transit Union.

It alleged that the union and 20 of its officers named in the suit had engaged in "co-ordinated criminal and extortionate means ... to cripple Greyhound financially".

With the help of drivers who have crossed picket lines and newly-hired employees, Greyhound is managing to operate about half its services. In thousands of small communities across the country it is the only form of public transport.

The suit listed many violent incidents during the strike, some involving threats or injuries to passengers, which the company alleges were arranged by the union. The union had no immediate comment on the suit. It is not clear from reports of the shootings, stonings and other outbreaks how closely linked the perpetrators are to the union. The company is offering $100,000 rewards for information leading to convictions.

Some 9,400 drivers, mechanics and ticket clerks went on strike in early March to protest against the wage proposals made by the company. Even though the dispute is legal, the striking employees are permanently losing their jobs to the newly hired staff.

The drivers accepted a 25 per cent pay cut to keep Greyhound running shortly before Mr Fred Currey, a Dallas investor, took over in 1987.

In the pay talks which broke down before the strike he was offering a 13 per cent increase over the next three years, a rise which after inflation would leave drivers still well below their former pay.

The company, which Mr Currey bought for $350m, is struggling under a heavy debt. Although it has managed to rebuild its traffic volume after a sharp fall in the mid-1980s, it barely broke even last year.

Bolivia takes novel route to easing foreign debt burden

Stephen Fidler reports on an imaginative repayment strategy

BOLIVIA'S Government has led the way in innovative approaches to lighten its foreign debt burden.

High even by Latin American standards, Bolivia's debt was equivalent at its peak to 185 per cent of its gross domestic product and debt servicing swallowed 63 per cent of annual export earnings. Now, according to the country's Planning Minister, Mr Enrique Garcia, the debt-to-export ratio is down to 35-40 per cent. Foreign debt is now down to $3.5bn, compared with $5.6bn at its height.

Bolivia was the first country to buy back its debt from commercial banks in 1988. It used funds from Western governments for the purpose even before the Brady initiative – launched by the US Treasury Secretary, Mr Nicholas Brady, in March 1989 – made this the general approach to the international debt strategy.

Now the new Government of President Jaime Paz Zamora, which took office in August, is furthering the strategy.

Bolivia has already bought back $470m of its commercial bank debt at 11 cents to each dollar face value. Now it plans to mop up most of the rest, buying $230m face value of commercial bank debt using funds from countries including Switzerland, Sweden, the Netherlands, and perhaps the World Bank, which is considering a grant. The price, according to Mr Garcia, would again be 11 cents.

The next issue to be tackled by the Government is the considerable bilateral debt owed to other countries in South America.

In the context of a 10-year agreement to continue to supply gas to Argentina, Buenos Aires cancelled $800m owed by Bolivia, while the latter cancelled $300m of debt owed by Argentina. The Bolivians also reached a novel agreement covering the $330m of debt owed to Brazil.

The Brazilians agreed to cancel one dollar of Bolivian debt for every dollar of Brazilian bank debt purchased by Bolivia on the secondary market – where it is currently trading at about 23 per cent of face value. Mr Garcia, speaking in Montreal where he was attending the annual meeting of the Inter-American Development Bank (IADB), said some $85m face value of Brazilian debt had already been bought for this purpose.

The agreement also allowed for the repayment of the debt in Bolivian currency, which would be put on deposit with the central bank of Bolivia and used either towards the promotion of trade with Brazil, or for local-currency financing in association with projects to be financed with the World Bank or IADB.

The remaining element of the strategy was a deal with the debts owed to the Paris Club of creditor governments of industrialised countries. It was the first in which a non-African country benefitted from the debt concessions of the so-called Toronto terms, agreed by Western leaders at the 1988 economic summit in Toronto, and it was also the first such arrangement which covered two years, rather than the usual one year.

This reflected approval of Boliva's economic programme. Lending countries can choose either to reduce principal owed by a third, or to reduce the interest rates paid by 3.5 percentage points, or to extend the period of trade debts to 25 years, with a 14-year grace period.

Argentina to seek venture for Condor missile team

By Robert Graham

ARGENTINA is seeking to redeploy scientists and technical personnel developing the controversial Condor missile whose technology has been passed on to Iraq.

The Government of President Carlos Menem would like to use the personnel in an international, high-technology joint venture, according to Mr Domingo Cavallo, the Argentine Foreign Minister.

Mr Cavallo said that Argentina discussed the idea of the Condor personnel's redeployment with US officials but was open to any offers from industrialised countries. They also might be diverted to increasing existing co-operation between Argentina and Brazil in satellite communications.

The Condor medium-range missile project developed by the Argentine Air Force was inherited by the previous Alfonsin Government.

The Air Force, on their own initiative, negotiated a tripartite deal via West German companies and Egypt to help Iraq with its own missile. But a financial squeeze, changes in the Argentine armed forces' priorities and pressure from the US on Buenos Aires has put the future of the project in doubt for more than a year. Mr Cavallo said the US has been kept fully informed, especially regarding previous technology transfers to Iraq.


Cavallo: Open to offers

Mr Cavallo, in London for his first visit to the UK after full diplomatic relations were restored in March, emphasised that Argentina was anxious to demonstrate its desire to play a responsible role in international affairs.

He confessed agreeable surprise that since President Menem had decided to renew a dialogue with Britain, it had taken only seven months to restore relations. Yesterday one further barrier was removed when, after his meeting with Mr Douglas Hurd, UK Foreign Secretary, it was agreed to lift visa restrictions. This will now be implemented within 60 days.

As part of the restoration of Anglo-Argentine relations, Argentina is opening a consulate in Hong Kong. The Argentine Government is actively looking to encourage up to 50,000 Hong Kong citizens to settle in Argentina.

Meanwhile, Mr Cavallo said Argentina was working on a series of bilateral agreements both to encourage and guarantee foreign investments. He admitted the current hyperinflation was bound to discourage foreign investors; but he said he believed government policies were beginning to take hold.

In this they were helped by the tough anti-inflation package in Brazil.

Despite the difficulties, he said President Menem would continue with efforts to persuade the opposition Radical Party to agree on an accord to co-operate in Parliament as a prelude to an eventual presence in the administration.

He clarified confusion caused last week by reports that President Menem had ordered a six-month halt on the vast Yacireta Dam on the Argentine/Paraguayan border. Unnecessary ancillary work was being stopped to permit essential investments to be accelerated, he said.

Congress faces more clean air law battles

By Peter Riddell, US Editor, in Washington

CLEAN AIR legislation adopted by the House energy and commerce committee differs in several key respects from a version approved overwhelmingly last week by the Senate, making continuing battles likely between industry and environmentalists over the summer.

The House committee version contains stronger proposals than the Senate on combating industrial sources of urban smog and airborne toxic chemicals, but it is weaker in its suggested controls on smog-forming car emissions and provisions for the development of alternative clean fuels.

Both versions attempt to reconcile regional interests, with the high-sulphur coal mines, power utilities and steel works of the Midwest and Appalachia set against the forest streams of New England and the West.

The Senate version is broadly the compromise agreed six weeks ago between the White House and the bipartisan leadership. President George Bush has said he will oppose any more costly version, while conservatives have criticised the Senate plan as too expensive for industry and going too far in the environmentalists' direction on the basis of uncertain scientific data.

The committee plan will be debated by the full House after Easter and differences with the Senate version will be resolved in a conference during the summer.

In detail, the two versions differ as follows:

■ Car emissions. Both measures propose a limit of 0.4 grams per mile on nitrogen oxide emissions and of 0.25 grams per mile on hydrocarbon emissions, but the Senate proposes that these should be achieved by 1995, the House committee by 1996. The Senate bill calls for a halving of both these limits by 2003 if 12 out of 27 "seriously polluted" cities remain smoggy, while the House version has a looser reference to a cut if the Federal Government deems it "feasible and necessary".

■ Acid rain. Both bills call for a 50 per cent cut in emissions of sulphur dioxide by the year 2000, with a system of credits to ease the burden on dirty utilities, compensation for job losses and help for fast-growing states. But the House version would require smaller cuts in dirty plants than the Senate plan and would set twice as stringent standards for some coal-burning Department of Energy plants in the Midwest.

■ Alternative fuels. The Senate versions requires a reformulated petrol mixture for all new cars in the US's nine smoggiest cities. The House committee plan requires motor groups to certify their "capability" to produce 1m cars by 1997 that can run on clean fuels in the nine smoggiest cities. Both versions like "super-clean fuels" for Federal and private car fleets in these cities by 1997.

■ Toxic industrial emissions. Both versions require industry to install the "best available technology" by the year 2000. The House version leaves an exception for those showing no cancer risk greater than 1 in a million. The Senate bill says Congress should set standards for residual risk from plant fumes with no more than 1 in 10,000 odds of causing cancer.

The House version, however, removes the threat of an automatic shutdown for coke ovens which cause high cancer-causing emissions. The steel industry claims that a majority of coke ovens would be closed under the Senate's provisions.

OVERSEAS NEWS

Confidence grows that worst is over in Tokyo markets

By Stefan Wagstyl in Tokyo

THE Tokyo stock market soared yesterday as confidence grew that the worst is over in the crisis in Japanese financial markets.

Buoyed by gains in the yen and in Japanese bonds, the Nikkei stock average jumped by 1,119.15 to close at 30,397.93 – above 30,000 for the first time in seven trading days. The Nikkei has now recovered 6 per cent since hitting a low last Thursday, the most serious day in the current turmoil, when Tokyo was shaken by rumours of defaults among investors and brokers.

Japanese fund managers took heart at official Japanese reports of the weekend meeting in Paris of G-7 finance ministers, which emphasised the significance of the ministers' commitment to supporting the yen.

Mr Ryutaro Hashimoto, the Japanese Finance Minister, said in Tokyo yesterday: "It's highly significant that the fall of the currency of a major creditor nation has been discussed as a matter of global concern."

Mr Yasushi Mieno, governor of the Bank of Japan, said G-7 members would co-operate on taking timely and appropriate measures in exchange markets.

Nevertheless, there is still considerable unease in the markets, not least because non-Japanese reports of the G-7 meeting emphasised how little other countries are ready to do to help Japan. "G-7 rebuffs Japan's bid for steps to calm markets," said the English-language Japan Times in its front-page headline.

The fear is that the recovery in the yen, which closed Y1.02 up against the dollar at Y156.45, may prove short-lived. Another run on the currency could force the authorities to raise the Official Discount Rate again, with dire consequences for the equity market.

Japanese policymakers were accused in Paris of having exacerbated the crisis by waiting too long with a previous increase in the official rate carried out in February. That rise was delayed by arguments between the Bank of Japan and the Ministry of Finance.

Salomon Brothers, the US investment house, said in a report yesterday: "The near-term risks stem from the parlous state of psychology in the currency and equity markets and a lack of confidence that policy makers will tackle problems decisively." Salomon said there was a significant risk of one more round of spiraling declines in Japanese bonds and the yen, and of weakness in the stock market. After that, things should improve as the central bank will be in a position to relax monetary policy.

Mr Peter Tasker, research manager at Kleinwort Benson International, an affiliate of the UK merchant bank, believes that the market should stay near current levels "unless something horrible happens".

However, he said that in the prolonged declines of Japanese equities in the 1960s and 1970s, the initial collapse was followed by a significant rally. But then a further decline hit the market. In the 1960s, the market did not recover its pre-crisis high until seven years after it began falling. In the 1970s, the recovery took six years.

If the same happens again it will be 1996 or 1997 before the Nikkei returns to its 1989 high.

S Korean inflation fears grow

By John Ridding in Seoul

SOUTH KOREA'S money supply grew faster than targeted in the first quarter of 1990, increasing concern about the rising inflation rate.

Figures released by the Bank of Korea showed that M2, which represents money in circulation plus deposits at financial institutions, rose by 23.5 per cent in the first three months of the year, compared with the target range of 19-22 per cent. It is the highest quarterly rise for seven years.

The first quarter figures imply that the government's annual inflation target of 5-7 per cent will not now be met.

The central bank said money supply growth in the current quarter is also likely to exceed forecasts because of an expansionary economic package announced last week. The package, which is designed to boost exports and investment, includes an increase in bank loans, an easing in credit restrictions on large business groups and an increase in preferential interest funds from won 1 trillion (billion billion) ($1.41bn) to won 2 trillion.

The expansionary package, the rising money supply, and the depreciation in the Korean currency, which has fallen by 4 per cent against the dollar so far this year, have added to concern about Korea's inflation rate.

These concerns were prompted by last week's announcement that the consumer price index rose by 3.2 per cent in the first quarter, compared with 1.2 per cent in the first three months of 1989.

Analysts argue the real inflation rate is even higher than reflected in the CPI because the index gives inadequate weighting to rental prices which have increased by about 30 per cent this year. The EPB said yesterday it will announce a package of anti-inflationary policies later this week.

Overjoyed Nepalese greet the King's announcement of political reforms with shouts for freedom, and opposition Congress Party flags

Jubilant Nepalese celebrate victory

By K.K. Sharma in New Delhi and Our Foreign Staff

JUBILANT crowds gathered in the streets of Kathmandu yesterday to celebrate the end to a ban on political parties, but some campaign leaders called for more sweeping reforms in Nepal.

King Birendra announced the lifting of the 30-year ban on parties on Sunday night after talks with political leaders who had organised a mounting campaign of demonstrations over the past two months.

The protests, which have cost more than 200 lives, culminated in the bloody clash between demonstrators and soldiers in the capital last Friday. Soldiers opened fire on unarmed protesters when they tried to march on the King's palace.

Although campaign leaders welcomed the King's concession and promptly called off protests, there were calls yesterday for further change in the Himalayan kingdom.

"Only the first phase of our campaign is over," said Mr Ganesh Man Singh, supreme leader of the Nepali Congress party, one of the driving forces of the reform movement.

Speakers at a rally of about 200,000 people said there should be more constitutional reforms and dissolution of the present non-party legislature.

In addition to deleting the word "partyless" from Nepal's constitution, King Birendra agreed to the formation of an interim government and abrogation of the Act which outlawed political parties. A constitution-drafting committee is to work out the details.

His decision to bow to popular political demands is bound to have far-reaching consequences as his absolute authority seems likely to be sharply curtailed.

The King is worshipped in Nepal as the reincarnation of the Hindu god Vishnu but, with his stubborn resistance to democratic reforms and repressive measures against leaders of the movement, the agitation was increasingly directed against him.

How far his own powers will be circumscribed will depend on detailed negotiations yet to take place between the King's representatives and reform leaders. The latter would like to make the King a constitutional monarch who acts on the advice of a democratically-elected government.

This is certain to be opposed by the coterie in the royal palace since the powers of its members would be drastically reduced.

However, the King and his palace advisers, already challenged by an increasingly popular revolt, may have been seriously weakened by the decision last week to resort to force in the capital.

Leaders of the movement for reforms have demonstrated they have popular backing and they will not be satisfied until real power is given to political parties.

Mongolian democracy group picks first leader

MONGOLIA'S biggest democracy group, ending a two-day congress yesterday, chose its first leader and drew up a petition to pressure communist rulers for faster reforms, Reuter reports from Peking.

Residents of Ulan Bator who attended the congress said that some 865 delegates of the Mongolian Democratic Party (MDP) had chosen Erdenijn Batuul, an intellectual, as their first party chief.

The congress also called for the resignation of all delegates to the national parliament to make way for an extraordinary session at which all political forces could be represented.

It also demanded that communist rulers speed up reforms to allow the nation's first free and fair multi-party elections, residents said.

"They want the government to reply to the demands by April 15," said one resident.

Demonstrations for democracy have in recent months swept Mongolia, a vast land of just over two million people between the Soviet Union and China.

About 10 separate groups are campaigning for a multi-party system to replace 69 years of communist one-party rule.

Bowing to pressure, the communist party last month relinquished its monopoly on power but has lately assumed a tougher stance.

A decree from President Punsalmaagiyn Ochirbat, published on Sunday, outlawed public rallies which "disrupt people's tranquility" and ruled that permission for demonstrations should be obtained seven days in advance.

"The MDP is very angry with (the decree) indeed," said a resident. "They say it means the government can ban any demonstration they don't like."

Communist leaders have told foreign journalists in Ulan Bator over the past few months that Mongolia would never copy China in using military force to crush opposition.

A special congress of the ruling Mongolian People's Revolutionary Party is scheduled to start on Tuesday.

● China is to build a satellite communication network for Burma.

The Beijing-owned news agency, monitored in Hong Kong, said the state-run Nanjing Radio Factory in China's eastern Jiangsu province would provide Burma with a satellite receiving and broadcasting system worth $16.52m by late November.

Indian telephone hopes founder

By David Housego

INDIA'S efforts to develop its own high capacity digital switching system for urban telephone exchanges have so far been unsuccessful, according to an official inquiry commissioned by the present government of Mr V.P. Singh.

Accounts of the findings leaked to a leading business newspaper say that the committee had recommended that the Centre for Development of Telematics (C-DOT) redesign its main exchange switch. The committee under Mr K.P.P. Nambiar, a former head of the Department of Electronics, says that this could take another three years.

The committee has meanwhile suggested that the state-owned Indian Telephone Industries (ITI) should establish two more factories with a capacity of 500,000 lines each to manufacture exchanges based on the technology of the French group Alcatel. ITI already manufactures Alcatel's E10B exchange under licence at a plant with a capacity of 500,000 lines.

According to the leaks in the Economic Times, the report is damning of Mr Sam Pitroda, the US trained electronics engineer, who founded C-DOT and headed the telecommunications department under former Prime Minister Rajiv Gandhi. It says Mr Pitroda "clearly underestimated the complexity and magnitude of the task of developing the main automatic exchange." Four members of the 13 member committee wrote a dissenting report defending the work of C-DOT and of Mr Pitroda.

In what many see as an increasingly vindictive campaign against Mr Pitroda, charges of financial malpractices were last week levelled against C-DOT by Mr K.P. Unnikrishnan, the Minister of Telecommunications.

Comoro leader warns rebels

COMORO ISLANDS President Said Mohamed Djohar said yesterday he would use force if the man he defeated in last month's elections continued to "sow panic" on the Indian Ocean archipelago, Reuter reports.

"I'm not a violent man, I'm a peaceful man. But if he carries on annoying us, I will have to use force," Mr Djohar said, referring to losing candidate Mohamed Taki and his supporters.

Last week seven people were injured when police clashed with a group of Taki supporters, some of them armed with firebombs.

Finance minister urges resumption of China loan

MR Ryutaro Hashimoto, Japan's Finance Minister, yesterday called for resumption of a loan to China, which has been frozen since the suppression of the pro-democracy movement there last June, Kyodo reports from Tokyo.

Mr Hashimoto told the Diet (parliament) that it was time for Japan to reconsider the suspension of the third yen-denominated loan to China, totaling Y810bn (£3.14bn), "on a few conditions." He said these conditions would include the restoration of human rights.

Mr Taro Nakayama, the Foreign Minister, also affirmed that the Government had begun a preliminary investigation into the possibility of resuming the loan.

Stressing the need for an early resumption, Mr Hashimoto said that the World Bank had already been moving to restart its halted loan programme to China though so far only one, for humanitarian purposes in a poverty-stricken area, had gone ahead.

Western governments have begun to soften the freeze on official loans and other exchanges imposed after the massacre in Peking last June.

President George Bush of the US allowed the launch of the Asiasat satellite on a Chinese rocket to proceed at the weekend, and France and Britain have resumed their government export credit for China. But no large loans have been resumed and there have been no Chinese moves to improve human rights.

Unita rebels seek talks with Angola

US-BACKED Unita rebels said yesterday they were seeking direct talks with Angola's Marxist Government and were ready to proclaim an immediate ceasefire in the 15-year-old war, Reuter reports from Paris.

A statement signed by Unita leader Mr Jonas Savimba and made public in Paris called on the Luanda Government to accept secret talks in Portugal, the former colonial power.

The statement was issued after a meeting of the guerrilla force's political and military leadership at the Jamba headquarters of the National Union for the Total Independence of Angola (Unita) in southern Angola and dated April 7.

The statement said that following talks between Soviet Foreign Minister Eduard Shevardnadze and US Secretary of State James Baker in Washington last week, Unita "is willing to recognise the state of Angola on the basis of the Alvor accords."

The 1975 Alvor agreement set the basis for Angola's independence from Portugal, with all three rival liberation movements agreeing to share power. As civil war broke out, Unita denounced the agreement and proclaimed its own independent state in southern Angola.

Kashmiris extend deadline

KASHMIRI MILITANTS holding three hostages said yesterday they were extending the deadline for killing them to early today, Reuter reports from Srinigar.

A spokesman for the Jammu and Kashmir Students Liberation Front told Reuters the deadline set for 3pm (0930 GMT) yesterday had been extended to 8am (0230 GMT) on Tuesday.

The kidnappers are demanding the release of three jailed militants in exchange for the vice-chancellor of Kashmir University, an official of state-run Hindustan Machine Tools and his secretary - all of whom were kidnapped by members of the Front on Friday.

The Front spokesman said the government appeared to be taking no interest in starting negotiations but he said it had decided to extend the deadline despite this.

Officials in Jammu and Kashmir, India's only Moslem-majority state, said they had contacted the militants and talks were going on.

State officials said a massive manhunt for the kidnappers had yielded no clues to the whereabouts of the hostages who were abducted in Srinagar, summer capital of the state and centre of a Moslem revolt against Indian rule.

One person was killed and four others wounded yesterday when paramilitary police fired on crowds defying a curfew to protest against house-to-house searches for the kidnappers.

More than 200 people have been arrested in the manhunt, an official spokesman said.

The government was widely criticised for releasing five jailed militants in December in exchange for the kidnapped daughter of Indian Home Minister Mufti Mohammad Sayeed.

The swap was greeted with jubilation in the streets of Srinagar and the anti-India insurrection soon afterward turned more violent.

New Delhi has asked a doctor and a lawyer to act as intermediaries in contacting the kidnappers. Mr Abdul Ahaad Guroo, a medical doctor, said he had told the government it should free the prisoners.

National Party loses Johannesburg council

SOUTH AFRICA'S ruling National Party yesterday lost control of Johannesburg council following revelations that councillors ran a network which spied on citizens, Reuter reports from Johannesburg.

The anti-apartheid opposition Democratic Party unexpectedly won a vote of no-confidence in the National Party, enabling them to take over the country's biggest municipality.

"We will unshackle Johannesburg from the old dictates of the past and open up a new era for this city," said Mr Ian Davidson, leader of the council's Democratic Party group.

The Democratic Party take-over may reinforce pressure for the National Party at central government level to phase out apartheid laws, which rule that people of different races must live in separate areas.

Pressure on the Johannesburg National Party has been mounting since the council acknowledged last month it paid informers to spy on groups seen as a threat to Johannesburg. These included lawyers, academics and journalists as well as anti-apartheid groups and right-wing extremists, some of whom have since been harassed.

Britain rebuffs China on Hong Kong demands

By John Elliott in Hong Kong

BRITAIN yesterday delivered a firm rebuff to demands made by China last Friday that Peking should be consulted on all major issues in Hong Kong before the colony's sovereignty is handed over in 1997.

Mr Francis Maude, British Foreign Office Minister with special responsibility for Hong Kong, said the UK would "not acquiesce meekly" to China's views on how the colony should be run. In particular it was "absurd" to suggest that China could veto the UK's Nationality Bill, published last week, which seeks to provide British passports to up to 50,000 Hong Kong households.

This is the latest outbreak of tension between Britain and China since the Tiananmen square crisis 10 months ago. There had been hopes that relations would ease after an agreement was reached a month ago between the two countries on democratic development in the colony.

But last Friday Mr Zhou Nan, China's new de facto ambassador in Hong Kong, said that the promulgation in Peking last week of the Basic Law, which will govern Hong Kong after 1997, meant that Britain should now "always consult China" on important issues.

Asked for comments in a BBC interview yesterday, Mr Maude said: "Where it is appropriate we will consult, and where it is appropriate we will inform - and we always do that. But what we won't do is to accept that there is any possibility of a veto on what we do."

He said it was also "absurd" to suggest that the UK had any obligation under the 1984 Sino-British Joint Declaration to "agree meekly with what Peking says" now that the Basic Law had been promulgated.

Yesterday Mr Maude visited one of Hong Kong's Vietnamese boatpeople camps. He said the UK would step up its attempts to restart mandatory repatriation of boatpeople to Vietnam later in the year when a current waiting list of about 1,600 volunteer returnees had gone home.

Belgians negotiate for release of hostages in Beirut

By Lara Marlowe in West Beirut

TWO Belgian diplomats yesterday met publicly with an official of Abu Nidal's extremist Fatah Revolutionary Council (FRC) and said they were negotiating for the release of five Belgian hostages.

They admitted that their discussions included the possibility of freeing a Palestinian condemned to life imprisonment in Belgium for a grenade attack which killed one person and wounded 20 in an Antwerp synagogue in 1980.

Mr Hollanis van Loocke, the director general of political affairs at the Belgian Foreign Ministry, arrived in Beirut on Sunday for the negotiations. Previous talks helped to secure the release of Dr Jan Cools, a Belgian relief worker, in June 1989 – a week after the Belgian Government unfroze a £30m trade credit to Libya.

Mr van Loocke was accompanied to the Mar Elias Palestinian refugee camp where the FRC has its offices by Mr Jean Kamps, the Belgian *chargé d'affaires* in Beirut.

"It is true that the release of Nasser Said is a part of our discussions," Mr van Loocke said, referring to the FRC member jailed in Belgium. "His early release could be requested sometime this year." He said that an earlier statement by the Belgian justice minister denying that Nasser Said would be released had been misunderstood. Mr van Loocke was welcomed by Mr Walid Khaled, the spokesman for the FRC. Asked when the Belgians and Ms Jacqueline Valente, the Frenchwoman, would be released, Mr van Loocke said: "I cannot tell you. They haven't fixed a date. They just say as soon as possible."

The five members of the Houtekins family and Ms Valente were seized by the FRC from a yacht in the eastern Mediterranean on November 8 1987.

Ms Valente's two small daughters were freed in Libya in December 1989. She gave birth to two daughters while a captive, possibly by her boyfriend Mr Ferdinand Houtekins.

FRC officials implied earlier that only Ms Valente, Mr Ferdinand Houtekins and one of the infant girls would be released.

With the exception of two Swiss International Red Cross workers who may also be held by the Abu Nidal group, the 17 other Western hostages in Lebanon are believed to be held by factions of the pro-Iranian Hizbollah movement.

Iraq expels US diplomat

By Victor Mallet, Middle East Correspondent

IRAQ said yesterday that it was expelling a US diplomat in retaliation for Washington's expulsion last week of an Iraqi representative at the United Nations.

Relations between Iraq and the West have already been strained in recent weeks by Baghdad's efforts to smuggle suspected nuclear triggering devices to Iraq, President Saddam Hussein's threat to use chemical weapons against Israel if attacked, and the execution of London-based journalist Mr Farzad Bazoft.

The latest round of diplomatic expulsions revives another contentious issue – the Iraqi Government's attempts to murder Iraqi dissidents abroad. US officials say the expelled Iraqi diplomat was linked to a suspected plot to kill two dissidents, one of them Kurdish and one Assyrian. A former driver at the Iraqi UN mission was indicted in California on Friday over the affair; he was allegedly offered $50,000 to take part.

It is not the first time that Iraqi agents have been accused of fighting their battles on foreign soil. In 1988 Britain expelled three Iraqi diplomats for anti-dissident activities, and Iraq responded by expelling three British diplomats.

Iraq's Foreign Ministry, in a statement carried yesterday by the Iraqi News Agency, denied the US accusations.

World Bank wakes to the dark side of an African success

Alleviating poverty among Malawi's peasant farmers holds the key to sustainable economic growth, writes Mike Hall

"WE haven't touched 80 per cent of the people, and if we have, we've hurt them," said the head of a major western aid agency. "The World Bank and other donors, even the IMF, are a bit conscience-stricken."

Malawi's structural adjustment programme, which began in 1981, is one of Africa's oldest. Until recently the IMF and World Bank promoted it as a success story and a model for other African countries. But as World Bank directors last week approved a $70m agriculture sector adjustment loan – part of the fifth package of international aid for Malawi – donors are now increasingly blunt about the limited achievements and negative social impact of adjustment policies.

Some contend that success has been largely confined to the small, modern sector and a minority of better-off peasant farmers. Sustainable growth remains elusive. Consequently, adjustment will continue throughout the 1990s. But there will be an important shift in focus.

The key objective is now alleviating poverty, or "ensuring that the poor recoup their losses," as one aid official put it. Malawi's economy has substantially recovered from the crisis of the early 80s. Business confidence is strong and output growth in 1989 was expected to just exceed population growth. Government expenditure is under control and inflation is now below 10 per cent.

Although recent research is either lacking or not publicly available (President Banda often declares that poverty has been abolished in Malawi), aid agencies acknowledge that rising prices, job losses, and declining access to health, education and other social services have pushed many Malawians – already among the world's poorest people – deeper into poverty.

One problem is that the structure of the economy is virtually unchanged, especially in agriculture. The division between the export-oriented estates and a stagnant peasant sector offers a "text book example of dualism," according to one economist. "We are now coming up against a formidable situation. The export boom in the 1970s of (agricultural) estates has now fizzled out and industry is tiny. The economy seems to have gone about as far it can go in its present form."

The government has drafted a new investment code involving tax and duty incentives to encourage investment in manufacturing. But economists argue that it is agriculture that holds the key to growth.

"If we're going to have economic growth to keep pace with, let alone exceed, population growth," said one, "it has to come from the small farmers. We have to give them a better break by broadening markets, widening income distribution and increasing their purchasing power."

The World Bank is pinning its hopes on policy reforms tied to the next adjustment credit, co-financed with other donors, worth about $160m. Sources say conditions include the introduction to the peasant sector of burley tobacco, a high-value cash crop presently restricted by law to the politically influential estate sector.

Malawi must also introduce measures to strengthen private agricultural marketing, target fertiliser subsidies to peasant farmers, introduce "food for work" programmes and devise new ways of extending credit, especially to women.

This Agriculture Sector Adjustment Credit is intended to mark the beginning of "growth through poverty alleviation," a strategy embodied in the recent Africa-wide Social Dimensions of Adjustment (SDA) Project sponsored by the World Bank and other international donors.

Measures are likely to include more investment in health, nutrition, education, family planning, and employment and income generating schemes. An important objective will be the promotion of the informal sector. Another priority is to improve the status of women.

The ideas are not new. The significant difference from past practices is that they are now being promoted by western donors, including the World Bank. But the dilemma is how to assist the poor without distorting economic mechanisms. "If this occurs, then neither economic recovery nor the poor will be helped," warned a recent Bank document. "At the same time economic recovery will never be secured if poor and vulnerable groups are effectively excluded."

Background to Ford investment move

Ford engine decision reflects changing market

By Kevin Done

FORD of Europe has been overtaken by events. Its decision to transfer £225m of planned investment from its Bridgend engine plant to Cologne, West Germany, is the first embarrassing admission that its product and manufacturing planning for the 1990s has failed to keep pace with momentous developments in the industry.

It has been thrown into disarray by the speed at which the environmental debate has moved within the European Community. New exhaust emissions regulations were agreed last year which in effect will mean that all new cars sold in Europe will have to have catalytic converters from the beginning of 1993.

Ford had been following a strategy of favouring lean-burn technology rather than catalytic converters as a way of reducing exhaust pollution. Actions by some countries to offer tax incentives for catalyst-equipped cars coupled with the EC moves to impose tougher controls mean that the company is now struggling to produce the correct mix of engines to meet rapidly changing consumer preferences towards "greener" cars.

At the same time continuing record demand in the West European new car market has taken the company by surprise and has upset its planning forecasts. Ford of Europe is still trying to come to terms too with the impact of events in East Europe and how this will affect new car demand in Europe through the 1990s.

These factors have come into play at a time when its investment in engine and transmission development had in any case fallen behind its major competitors during the 1980s, leaving the company with an engine programme struggling to be competitive.

The £725m Bridgend investment in a new generation of multi-valve engines was part of the company's response as it aimed to overhaul its European engine and transmission programme by the mid-1990s.

One result of yesterday's surprise move at Bridgend is that the plant will continue to produce its existing range of CVH petrol engines – fitted in the present Escort, Orion and Fiesta ranges – for much longer than planned and certainly until 1997, according to assurances given by Mr Albert Kaspers, Ford of Europe's manufacturing director, to the South Wales workforce yesterday.

The new family of engines, code-named Zeta, planned for Bridgend – and now for Cologne too – is understood not to have included a 1.4 litre version, but only 1.6 and 1.8 litre versions. There is a strong assertion within Ford that a 1.4 litre version had not tested well in catalyst form.

Ford now realises, however, that growing demand for a 1.4 litre catalyst engine, caused both by certain tax breaks and by demand in small car countries, such as southern Europe and potentially East Europe, means that the life of the existing Bridgend CVH engines – a 1.4 litre version works well in catalyst form – had to be extended into the second half of the 1990s.

At the same time higher-than-expected new car demand meant that both phases of the Zeta engine investment were also needed. Ford said yesterday that under its new plans Bridgend would have a capacity for producing 300,000 of an upgraded CVH engine and 550,000 of the new Zeta multi-valve engine (beginning in 1991), while Cologne would have a capacity for 300,000 Zeta engines from 1993.

In the 18 months since the original Bridgend investment decision was announced with great fanfares at the last British motor show in October 1988, leaders of Ford in both Europe and in the US have also realised how vulnerable they were becoming by concentrating so much of their engine capacity in the UK.

Their vehicle assembly operations are spread across Europe with assembly plants in West Germany, Belgium, Spain and Portugal as well as in the UK. Around 50 per cent of its European engines are currently sourced from its two UK plants, Bridgend in South Wales and Dagenham in Essex, but Ford claimed that this figure was due to rise to around 70 per cent by the mid-1990s, if both phases of the originally planned £725m investment had gone ahead at Bridgend.

Such a heavy concentration in the UK coupled with the intention to single-source the new family of multi-valve engines from Bridgend would have left Ford's supply lines looking dangerously stretched.

Fierce competitive pressures mean that the motor industry is increasingly moving to just-in-time delivery of components as well as to single sourcing. Such developments mean that buffer stocks are cut to a bare minimum, however, and that assembly operations are left highly exposed to industrial disruptions at outside components suppliers or at the company's own components plants in other countries.

Ford's decision to spread its risks by bringing the new family of 1.6 and 1.8 litre Zeta engines into production at both Bridgend and Cologne amply reflects the growing awareness of this vulnerability and the changing circumstances of the industrial relations climate in its UK plants.

In the course of the last two years Ford has faced a two-week official strike which closed its 21 UK plants in February, 1988, as well as many months of debilitating unofficial industrial action surrounding the wage negotiations in both 1987/88 and 1989/90.

Industrial action from the beginning of November to March this year lost Ford production of more than 80,000 vehicles with a showroom value of more than £800m.

Factory-gate prices at highest level for 5 years

By Rachel Johnson

OFFICIAL figures showing factory-gate price increases at a five-year high in March, yesterday gave the authorities unwelcome evidence of rising underlying inflation in the UK economy.

Output prices for manufactured goods jumped 0.7 per cent on the month to an annual rate of 5.6 per cent, the Central Statistical Office (CSO) announced.

The decision of Mr John Major, the Chancellor, to increase excise duties in his March Budget was responsible for about a quarter of last month's increase, the CSO said. Mr Nigel Lawson, his predecessor, had left alcohol taxation unaltered for the previous two Budgets in an effort to control inflation.

However, the full impact of the 1990 Budget – in which duties on petrol, tobacco and alcoholic drinks were raised – will not become clear until next month.

The CSO said that the higher duties had only been in effect for about ten days when the producer price data was compiled.

The Treasury yesterday acknowledged that the latest figures suggested a "slight pick-up in underlying inflation in recent months," but said the increase was only "moderate."

BRITAIN IN BRIEF

Japanese plan for bearings investment

By Charles Leadbeater, Industrial Editor

MINEBEA, the world's leading manufacturer of miniature ball bearings, became the third Japanese bearings manufacturer this year to announce investment plans for the United Kingdom.

Minebea plans to invest several million pounds in the Skegness, Lincolnshire, factory it acquired two years ago when it took over Rose Bearing, the long established manufacturer from APV, the factory equipment maker.

The plant, which will become Minebea's first bearings production site in Europe, will be producing 1m bearings a month by the end of the year, with a target of eventually producing 5m a month.

Its other bearings production sites are in the US, Singpore and Thailand where it makes about 60 per cent of its bearings which account for a third of its annual turnover of about £900m a year.

Minebea's investment follows Koyo Seiko's decision to build a £50m ball bearings plant at Barnsley in South Yorkshire and Nippon Seiko's purchase in January of United Precision Instruments, then the largest British bearings producer.

World tourism chiefs set up London lobby

CHIEF executives from more than 50 of the world's leading travel and tourism companies announced the setting up of a major lobbying group based in London to improve travel services in the 1990s, writes David Churchill.

The group, to be called the World Travel and Tourism Council, aims to put pressure on national governments and other organisations to give greater priority to travel and tourism.

One early target is expected to be the reform of the European air traffic control systems.

Mr Robert Crandall, chairman of American Airlines and one of the founder members of the Council, said that the inefficiencies of these systems was costing European economies some £2.5bn a year in lost revenues.

London City Airport profits tumble to £22m

PRE-TAX profits of Mowlem, the construction group which operates London City Airport, last year tumbled by 63 per cent from £59.5m to £22m after provisions of £33m against the loss-making airport.

The company's housebuilding profits also fell sharply from £17.2m to £7.4m.

Sir Philip Beck, Mowlem's chairman, warned that the housebuilding division which builds mostly in south-east and south-west England would, at best, break even in the current year.

He said it would be very difficult to make any money from London City Airport, built in London's former Royal Docks down river of the centre of the capital, unless Mowlem's plans to extend the runway were approved.

A public inquiry into the runway proposals is due to start in London on July 3.

Instant coffee price inquiry

THE Monopolies and Mergers Comission is to investigate the supply of instant coffee in the UK following concern that falling coffee prices in recent months have not been reflected in lower retail prices in shops, writes David Churchill.

Sir Gordon Borrie, director general of fair trading, said that there was evidence that the relationship between the price of coffee beans and the finished product suggested that competition was not as effective as it could be.

The Commission has nine months in which to complete its investigation.

Arab fund decision overturned

THE COURT of Appeal yesterday reluctantly overturned a High Court decision to support an action in which the Arab Monetary Fund alleges $70m was stolen from it and a significant amount laundered through numbered Swiss bank accounts.

The AMF alleges that its former director-general Dr Jawad Hashim, who lives in England, his family and an associate misappropriated the funds. It further claims the First National Bank of Chicago and three of its subsidiaries negligently enabled the laundering to take place.

The subsidiaries are First National Bank of Chicago (CI), First Chicago Trust Company (Cayman) and First Chicago International.

Last November Mr Justice Hoffmann ruled the AMF could sue in English court proceedings, dismissing an appeal by the banks and Mr Hashim for a court order to strike out proceedings on the grounds that the fund does not exist in English law.

Lord Donaldson allowed the appeal but "with the greatest possible reluctance," as he regarded the result as "wholly without merit from the point of view of doing justice between the parties."

World report on arts funding ranks UK low

THE UK ranked sixth out of seven countries studied for direct expenditure on the arts per head by central and local government in 1987, revealed a report published today by the Policy Studies Institute (PSI).

The report forms the fifth issue of "Cultural Trends," the PSI's serial, and examines arts funding in Canada, Federal Republic of Germany, France, The Netherlands, Sweden, the United Kingdom and the United States.

Sweden came top with an expenditure of £27.80 per head, compared to £9.80 by the United Kingdom and £2 by the United States.

Correction

One of BNFL's two proposed nuclear power stations was incorrectly identified in Saturday's FT. The correct site *is Calder Hall at BNFL's* Sellafield plant in Cumbria, not Capenhurst near Chester.

UK NEWS

Court says blasphemy laws cover Christianity

By Robert Rice, Legal Correspondent

MR SALMAN RUSHDIE, author of The Satanic Verses, cannot be prosecuted under the UK's blasphemy laws, the Court of Appeal ruled yesterday.

The court rejected an action brought by the British Muslim Action Front challenging the decision of Sir David Hopkin, Chief Metropolitan Magistrate not to issue summonses against Mr Rushdie and his publishers, Viking Penguin, for blasphemous libel and seditious libel under common law.

Lord Justice Watkins sitting with Lord Justice Stuart-Smith and Mr Justice Roch said the magistrate had been correct in holding that the common law of blasphemy only protected Christianity.

During the course of a four day hearing, Mr Ali Azhar, counsel for the Front had argued that the common law of blasphemy could be extended by the courts to cover other religions on the grounds that it was anomalous and unjust to discriminate in favour of one religion.

But Lord Justice Watkins said that while there could be little doubt that the contents of The Satanic Verses had deeply offended many law abiding Muslims who were UK citizens, where the law was clear, it was not the proper function of the courts to extend it.

That was particularly true in criminal cases where offences could not be created retrospectively. In such circumstances it was for Parliament alone to extend the law, if it chose to.

"The mere fact that the law is anomolous or even unjust does not, in our view, justify the court in changing it, if it is clear," he said.

Mr Azhar said that while he had profound respect for the court's judgment, it was a decision which the Front would now seek leave to appeal against.

Ulster: centuries of conflict defy a quick fix

Ralph Atkins evaluates Northern Ireland's continuing struggle to find a way forward

IF THERE is one lesson the British Government has drawn from the unfortunate history of Northern Ireland it is that there is no such thing as a quick fix.

Four centuries after English and Scottish protestants displaced native landlords, 70 years after the island was divided into Northern Ireland and the Republic in the south, and after two decades of terrorist murder, the "problem" still defies solution.

For Mrs Margaret Thatcher's administration – a government that prides itself in its radicalism – the contrast is all the deeper.

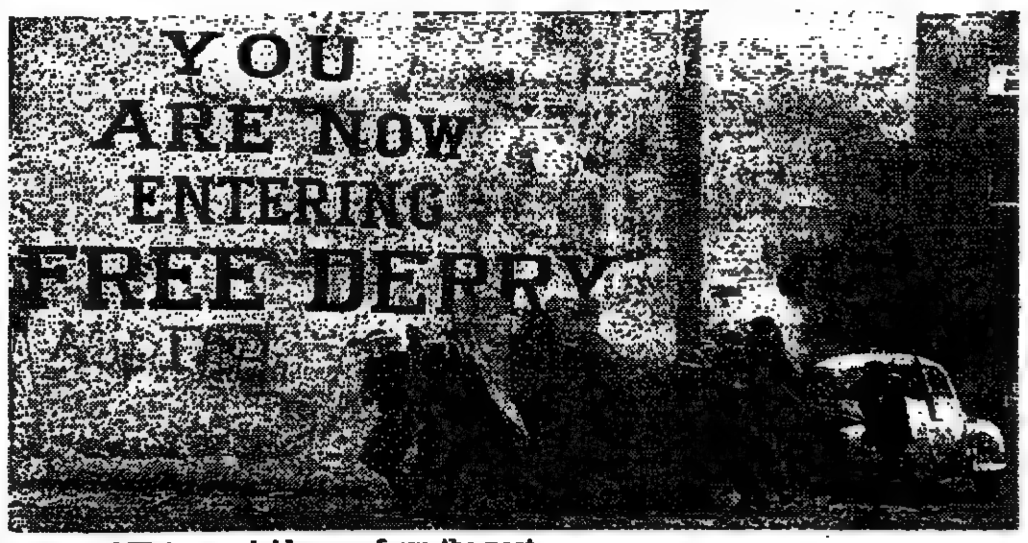
Northern Ireland is still a place with many identities. In its simplistic terms the majority, Unionist, community favour continued union with mainland Britain. Many are gravely suspicious of the Catholic-dominated state in the south. A minority resent British rule and want union with the rest of the island.

Against that background, Mr Peter Brooke, Northern Ireland secretary since July, has been trying to find a way forward. Official British policy has many strands, embracing political, social and economic threads as well as relations with the Irish Republic. The aim is to set up of some form of representative administration to run the province's affairs while ending the social and economic grievances of its people.

But the Government believes its function is limited. The role of "colonial administrator" – made necessary by the collapse of all but the lowest level of locally-elected government – is shouldered with reluctance.

Attempts to get local politicians working together, initiated by Mr Brooke in January, are described as a "challenge", rather than an "initiative".

The problem to be overcome is huge. On the surface, the province is an friendly, often-beautiful country. For many residents, terrorist outrages are seen only on television. But underneath, both Unionist and Nationalist sides are fiercely defensive. Violence



Images of Ulster: a vivid scene from the past

results at each extreme.

Most notable is the provisional IRA, the nationalist terrorist group dating from the late 1960s when the old Irish Republican Army split into "official" and "provisional" wings. Its aim is to defeat British troops as a prelude to creating a united Ireland.

Terrorist outrages dominate headlines from Northern Ireland and the Government is committed to its eradication, deploying not just army units and policemen but also an economic strategy targeted at improving living standards. If unemployment is cut from its very high level and individuals are given a stake in society they are less likely to blow up the towns in which they live, the argument goes.

Unionists, battle-scarred by what they regard as repeated acts of betrayal by the British Government, can also be stubborn. Illegal paramilitary organisations such as the Ulster Freedom Fighters thrive in most deep-seated pockets of bitterness.

Unionist suspicion of the Irish Republic has been heightened by Dublin Supreme Court rulings upholding appeals against extradition to the UK of terrorist suspects and the reiteration of the south's constitutional claim to the territory of the north.

But adding to the political confusion is the lack of a clear-cut commitment by the unionist community to supporting a devolved administration. Many would favour a more "integrationist" approach, strengthening links with the mainland.

Division between Catholic and Protestant communities is expressed in more than just bombs and bullets. Large parts

Mrs Thatcher: talks of "possibilities"

of the province's geography is divided into protestant and catholic pockets. Education is mainly split along religious lines.

Five years ago, the British and Irish Governments sought to construct a formal framework for promoting peace and stability. The 1985 Anglo-Irish Agreement was the product of fevered and protracted negotiations by officials and ministers.

It was hoped that the accord would overcome Unionist distrust of the Irish Republic by stating explicitly that a change of status would only take place with the consent of the majority. And officials hoped it would appease nationalists by giving the Irish Republic a voice in the affairs of the province. But if expectations ever were high, the results have not been considerable. Its introduction whipped up furious protests from Unionists horrified at the "interventionist" role given to the Republic. Effigies of Mrs Thatcher were burned outside Belfast City Hall.

In truth, tangible results have been restricted: Britain and Ireland have a formalised procedure for talks, helping overcome some of the long-standing friction between the two countries. Officials have a permanent secretariat in Maryfield, outside Belfast, through which information can be exchanged. But extradition rows and defensiveness on all sides have not ended.

More recently the Unionist vitriol has abated but their distrust still runs deep. Suspension of the agreement has become a Unionists pre-condition for future talks – raising the possibility that despite its good intentions, it might hinder, rather than help, progress towards a political solution.

Yet the agreement is still firmly backed by the Government because of the advantages it brings. It is also supported by the mainly-Roman Catholic, Social Democratic and Labour Party, representing those nationalists who seek eventual unification through peaceful means.

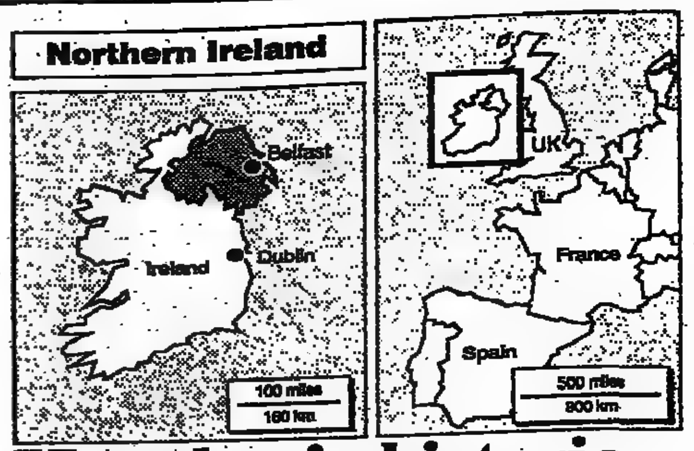
While the agreement forms a substantial part of the Government policy in the province others aspects are more pro-active. With division so deeply ingrained in the province, there is a recognition that more than just cajoling is required.

In the past year the Government has introduced a Fair Employment Act and education reforms intended to break down barriers.

The Fair Employment legislation made it possible to force employers to take positive steps to correct the Catholic-Protestant composition of their workforces if it does not match that in the local community.

But the political talks initiated by Mr Brooke this year put the emphasis on seeking co-operation between local politicians – rather than looking for a Government-inspired way out. The process is in an early stage. The Secretary of State has held only "talks about talks" with Mr James Molyneaux, leader of the Ulster Unionist Party and The Rev Ian Paisley, of the Democratic Unionist Party.

The Government itself talks to "possibilities" rather than "probabilities". And, with the lessons of history in mind, if talks go no further this year and the foundations that have been built remain firm, officials at the Northern Ireland Office will be happy enough.



Haughey's historic visit still planned despite IRA killings

By our Belfast Correspondent

THE Irish Republican Army yesterday claimed responsibility for a terrorist attack which killed four members of the Ulster Defence Regiment at Downpatrick, County Down, Northern Ireland. It was the biggest loss of life the UDR has suffered in a single incident for seven years.

The four soldiers were in a Land Rover which was blown off the road by the force of the blast early yesterday morning. Four soldiers in another vehicle were treated for shock and injuries.

The killings came two days before a planned visit by Mr Charles Haughey, the Irish Prime Minister, to Belfast. Mr Haughey, in what will be the first visit to Ulster by an Irish Prime Minister for 25 years, is due to address a European business conference, organised by the Institute of Directors, in his capacity of president of the European Council.

Concern about security for his visit had already been expressed in the wake of last week's decision by the Supreme Court in Dublin not to extradite Mr Owen Carron, wanted by the Royal Ulster Constabulary on firearms charges. Unionists have warned Mr Haughey to stay away or run the gauntlet of vigorous protests.

The Rev Ian Paisley, Democratic Unionist leader, said yesterday that the Irish Government was campaigning to remove the UDR from Ulster's roads and the IRA was carrying out their directions. Mr Paisley said Mr Haughey was not welcome in Northern Ireland and he claimed the republic gave safe haven to members of the organisation which had perpetrated yesterday's attack.

Last night, the Institute of Directors said Mr Haughey would go ahead with his visit to Belfast tomorrow.

Mr Haughey, a frequent critic of the UDR following allegations about security leaks to loyalist paramilitaries, described the killings as "an atrocity which yet again demonstrates the evil of the IRA's murderous campaign in Northern Ireland".

Mrs Thatcher, speaking on BBC Radio Four, said: "You take these murders of these four people today alongside those decisions in the Supreme Court of the Republic not to extradite those accused of violent crime – and one is very, very depressed."

The killings followed a period of relative calm in the province. Mr Peter Brooke, the Northern Ireland Secretary, said: "Actions of this sort are wholly senseless in that they will not deflect us from our intention to defend the community against these evil men."

Air traffic control in need of radical changes, report says

By Paul Betts, Aerospace Correspondent

A REPORT to be published today on the growing crisis of European airport and air traffic congestion is expected to provide additional ammunition for the campaign by smaller UK airlines for greater access to Heathrow Airport, London.

It will also call for regulatory action against large airline consolidations in Europe.

The report by the Stanford Research Institute for the International Air Transport Association (IATA) warns that air transport in western Europe could be brought to a near standstill in the late 1990s because of congestion.

It calls for a radical reorganisation in the way European airspace is managed and urges a top level international conference of all governments, airlines and international aviation organisation to discuss the issue.

The report also highlights the increasing problems of congestion at London's Heathrow and Gatwick airports, and other large European airports. It says this congestion could severely undermine efforts to increase competition in air transport.

Smaller airlines like British Midland, Air Europe and Dan Air have all expressed mounting concern over the difficulties of starting services to compete with national flag carriers because of the lack of competitive slots at key airports, especially in London.

British Midland is also opposing British Airway's plans to invest in a 20 per cent stake in the new Sabena international airline venture in Belgium.

The IATA report, which took two years to prepare, claims that by the year 2,000, annual losses to national economies due to restrictions on air transport growth will total almost $10bn. The report also says there is not enough government investment to improve air transport infrastructure and air traffic control.

In spite of current efforts to improve the flow management of air traffic control, the system throughout Europe will be unable to cope with increases in air travel beyond 1995.

At the same time, the report says that without improvements to airport capacity at least 10 major European airports will be seriously restricted by insufficient capacity between 1995-2000.

The proportion of delayed flights has almost doubled in four years. The cost of delays due to congestion now amount to about $5bn a year.

Timber trade urged to help save rainforests

By John Hunt

AN APPEAL has gone to the British timber trade to stop importing tropical timber that contributes to the depletion the world's rainforests.

The World Wide Fund for Nature has written to 500 UK timber importers asking them to ensure that by 1995 they will only handle timber that has been produced by methods that sustain the rainforests.

A Mori poll commissioned by WWF showed that one third of those questioned said they were prepared to pay more for timber from a country which is protecting its forests. On average they were prepared to pay 13.3 per cent more for sustainably produced timber.

More than 80 per cent wanted the Government to introduce legislation to ensure that all tropical wood products in Britain specified the country of origin and whether it was protecting its forests.

Of those concerned about the problem, 77 per cent thought that the responsiblity for saving the tropical forests rested primarily with the governments of the countries concerned. But 50 per cent thought the main responsibility lay with the timber traders and 49 per cent with the Government.

WWF estimates that Britain imports about 1.3m cubic feet of tropical timber a year, 2 per cent of the world's total, and that the EC imports 40 per cent.

FT LAW REPORTS

No agency under finance contract

WELSH DEVELOPMENT AGENCY v EXPORT FINANCE CO LTD
Chancery Division:
Sir Nicolas Browne-Wilkinson, Vice-Chancellor:
March 28 1990

DEBENTURE holders with a charge over the book debts of an exporting company in receivership are entitled to debts due from overseas buyers for goods sold by the exporter ostensibly as principal if, at time of sale, the exporter could not have ascertained that it was selling with the authority of an undisclosed principal under an agreement expressed as an agency agreement, but which could equally have been expressed as a loan agreement in that its object was to finance the exporter between time of invoicing and receipt of payments due.

The Vice-Chancellor so held when giving judgment for the plaintiff, the Welsh Development Agency (WDA), on its claim against the defendant, Export Finance Co Ltd (Exfinco), for payment of debts due to Parrot Corporation Ltd.

HIS LORDSHIP said that Parrot was established in South Wales to manufacture floppy discs sold in the UK and abroad. The WDA was a shareholder and had a nominee director on the board.

In 1985 Parrot was encountering financial difficulties. On July 29 it entered into a master agreement with Exfinco, a finance house, by which Exfinco was prepared to purchase goods from Parrot, which Parrot would sell on Exfinco's behalf to overseas buyers.

By clause 1 of the agreement Exfinco authorised Parrot on its behalf "to sell to any buyer goods immediately thereafter agreed to be sold" by Parrot to Exfinco. The authority only extended to goods covered by an Export Credit Guarantee Department guarantee.

By clause 2, Exfinco made a standing offer to buy from Parrot goods to be resold by Parrot "as agent for Exfinco to buyers by way of expert." By clause 2(d) the offer extended only to goods which complied with warranties contained in clause 5. By clause 5(d) Parrot warranted that the goods should be of merchantable qualify and fit for their intended purpose.

Under the agreement Parrot was responsible for collecting all monies due from overseas buyers and undertook to instruct them to pay into collection accounts opened by Exfinco in Parrot's name. It was prohibited from disclosing that it was acting as Exfinco's agent and from disclosing the existence of the master agreement.

By the operating procedures incorporated into the master agreement, it was provided that on termination of the agreement "all amounts owed to Exfinco by the buyers shall become immediately due for payment" by Parrot to Exfinco.

On Parrot's acceptance of Exfinco's offer, Exfinco would pay Parrot 90 per cent of the price payable by the buyer less the Exfinco discount calculated on the basis that Exfinco would be out of its money for the Average Credit Period (ACP) – the average period over which overseas buyers took to pay their debts.

On expiry of the ACP Exfinco's client account would be credited with 100 per cent of the price payable by the overseas buyer.

On June 26 1985 the Parrot board resolved that Exfinco should be authorised to operate collection accounts with National Westminster and Bank of America in Parrot's name; and that Parrot should relinquish all rights to funds from abroad, such funds being Exfinco's property. The WDA nominee on the Parrot board was not present when the resolution was passed. He subsequently saw the minutes but was not aware of the terms of the master agreement.

In October 1985 Parrot negotiated a revolving credit facility with certain bankers. Its liabilities were guaranteed by the WDA against a counter-indemnity from Parrot. By a debenture dated October 31 1985 Parrot charged its book debts and other property and assets, with all sums falling due under the counter-indemnity. The debenture was registered under section 395 of the Companies Act 1985.

Parrot's business never flourished. By May 1989 it was insolvent. On May 16 its bankers called in the debt and made a demand on WDA as guarantor. The WDA appointed receivers under the debenture. Exfinco terminated the master agreement.

The receivers wrote to all overseas buyers terminating instructions to pay into the collection accounts with National Westminster and Bank of America and requiring payment to themselves as receivers. Some overseas buyers paid the receivers, some paid into the collection accounts. Some had not paid at all. Estimates of collectable unpaid debts varied between £260,000 and £375,000.

The WDA claimed that by virtue of its charge over Parrot's book debts and other property, it was entitled to receive all debts owed by overseas buyers. The present proceedings were started by writ dated July 28 1989.

The first question was whether WDA's debenture charged the debts from overseas buyers. Mr Crystal for Exfinco submitted that when the debenture was executed on October 31 1985, the WDA was aware that Parrot had entered into the master agreement and was aware of bank mandates to pay collection account money to Exfinco.

Clause 4 of the debenture required monies received by Parrot in respect of "book debts and other debts hereby charged" to be paid into Parrot's bank account, not being one of the collection accounts. Mr Crystal said that was wholly inconsistent with treating the overseas buyers' debts as Parrot's "book debts" within the meaning of the debenture.

The submission was rejected for two reasons. First, when the debenture was executed WDA had notice of the master agreement, but no actual knowledge of its terms. Mere notice as opposed to actual knowledge of a fact was not relevant to construction of a document. Second, even if the overseas debts were not book debts it made no difference because under the debenture WDA also had a floating charge over "all other assets whatsoever."

Accordingly, WDA had a charge over Parrot's interest in the contracts effected under the master agreement.

The second question was whether the master agreement was effective to make Parrot Exfinco's agent. There was a fundamental legal flaw in the master agreement. Clause 1 only constituted Parrot as agent in relation to goods "immediately thereafter agreed to be sold to Exfinco."

It followed that unless any parcel of goods was the subject matter of Exfinco's clause 2 offer to buy, those goods would have been sold by Parrot not as agent, but as principal, since it had no authority to sell them as agent.

Clause 2(d) expressly excluded from Exfinco's offer goods which did not comply with the clause 5 warranties. Unless and until it could be said that the goods complied with those warranties it could not be said whether there was an offer by Exfinco to buy.

It was impossible to know at time of contract whether any given parcel of floppy discs was of merchantable quality fit for their intended use. If a latent defect subsequently emerged there would be a breach of the clause 5(d) warranty, and there would therefore have been no offer by Exfinco to buy the goods and no authority in Parrot to sell them on its behalf. It could therefore not be said at time of sale to the overseas buyers, whether Parrot had Exfinco's authority to sell as its agent. That was fatal to the claim that Parrot made all contracts with overseas buyers as agent.

Since Exfinco was intended to be an undisclosed principal whose status Parrot was contractually bound to keep secret, whatever was subsequently done as between it and Exfinco could not ratify its authority (see *Keighly Maxted v Durant [1901] AC 240*) and could not turn the contract into a contract for sale by Exfinco.

Mr Crystal submitted that a literal construction of the master agreement was inappropriate. He said that in construing commercial documents the court should adopt a more generous approach.

The submission was not accepted. The master agreement was designed to cast in the mould of agency and sale an agreement which, in commercial terms, was a financing agreement equally capable of being expressed as an agreement by way of loan. All the goods were sold to overseas buyers by Parrot as principal, not agent. It followed that none were sold by Parrot to Exfinco. Debts from overseas buyers were due to Parrot and subject to the charge in the debenture to the WDA.

WDA was entitled to retain all monies paid to the receivers by the overseas buyers, to recover from the overseas buyers all sums remaining unpaid, and to recover all sums received by Exfinco from overseas buyers since May 16 1989.

For the WDA: Gabriel Moss QC and Martin Pascoe (Morgan Bruce, Cardiff).
For Exfinco: Michael Crystal QC and Richard Adkins (Linklaters & Paines).

Rachel Davies
Barrister

David Fishlock examines the way the Cookson Group is bringing up its developing companies

Ideas nurtured until maturity

"We'll entertain almost any idea," claims Robin Clabburn of the Cookson Group, specialists in an astonishing diversity of industrial materials. But as a strongly market-led company, it also "insists that everything be supported by somebody."

In 1987 Cookson set up "group development" under Ralph Irley, joint managing director, bringing together its corporate research laboratories with developing businesses considered too immature to fit into a Cookson company. The concept was to establish a nursery where promising ideas could be cossetted – helped, if need be, by further research – until they matured into commercial operations.

Although each of Cookson's operating companies has its own development programme, they are not particularly good at nurturing opportunities that fall outside their product range, says Michael Henderson, group chairman. As a member of the Government's innovation advisory board, Henderson believes innovation is a valuable commercial weapon "provided that you can organise your innovation process." He is committing about £10m a year to his nursery, including the cost of running the corporate research laboratories.

Robin Clabburn is chief executive of developing companies. He began with one and now has six, the latest added this year. For the year just ended he reported £7m in sales and an operating loss of less than £2m. Losses this year will be halved, he forecasts. He says his stable of high-technology start-ups are well on their way to commercial independence. But what excites him more is the way disparate innovations have begun to inter-relate.

This pattern began with a technology Cookson had acquired through a small Newcastle company called Electrofoils Technology for making pure copper foil for printed electronic circuits by electrodeposition on to rotating drums. Cookson uses copper foil in electronics and believed the technology could meet future demands for much higher metallurgical consistency and freedom from flaws. Electrofoils, however, was hampered by an insufficiently clean production environment.

When Cookson learned that the Japanese company Fukuda planned production of copper foil in Europe, it entered into a joint venture with the Japanese company to fund clean-room deposition using the Electrofoils technique refined in the Cookson laboratories.

Also in the north east is Laminot, a £3m investment in making a synthetic form of micaceous iron oxide, which Clabburn claims is environmentally more acceptable than the natural ore, as an ingredient of corrosion-resisting paints, for example.

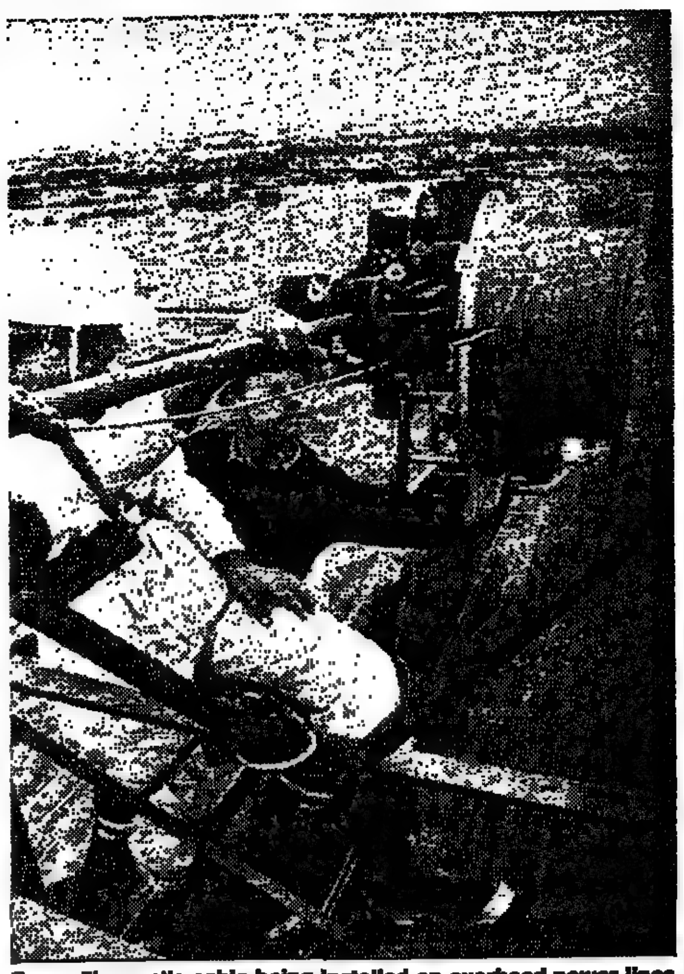
This technology was volunteered in response to Cookson advertisments saying that it was looking for new technologies to cultivate. A 2,000-tonne plant, the technology of which "bears some resemblance to what was proposed in the first place," is expected on-stream this spring, Clabburn says. It is another joint venture, this time with Magnesium International. "We're running it, they're paying half the bills."

Key-Tech is a Cookson acquisition specialising in the thermostatic printing of legends on computer keyboards, by a process that embeds dyestuffs in the polymer so that legends cannot be scratched off. Key-Tech progressed with the help of Cookson research into flexible electronic circuits; while some clever forensic science by Cookson, involving the particular dyes it had developed, also showed that a rival company was infringing Key-Tech's patents. Key-Tech received an unexpected royalty income.

IST is a joint venture which Cookson launched this year with British Telecom. The initials stand for integrated surface technology, which is a way of putting micro-electronic circuits upon a plate of stainless steel or aluminium. The result is a robust, heat-tolerant package that is inherently screened against electromagnetic interference, an increasing form of pollution, for example inside the motor car.

The secret lies in the chemistry of silk-screen printing of a pattern of insulation to separate the electronic layers. IST has invested £1m in the technology at Swindon.

Also in Swindon is Focas, a venture Cookson began with



Focas fibre optic cable being installed on overhead power lines

speciality polymer makers Raychem to develop fibre optic communication systems for use on the high-voltage overhead lines of power companies. Then Focas found a new opportunity with a cable that is highly sensitive to pressure and can act as a long sensor responding to pressure throughout its length.

The core of this cable comprises a piezo-electric polymer, which if squeezed produces an electrical signal. The cable is already being used by the National Trust to guard statues against vandals, and is being tried by the British Army as a way of policing military vehicles.

Scimat, like Focas, began as a joint venture with Raychem, to develop a microporous polymer to separate the electrodes in new kinds of battery – including lithium, silver and mercury. Cookson is a supplier of plates and chemicals to the lead-acid battery business, and is looking to Scimat both to penetrate the market for emerging battery designs and to open new opportunities for microporous and ion-selective membranes.

Clabburn encourages his developing companies to think hard about their own future – and how they can expand beyond the innovation which has got them started. The innovation would not necessarily have to find a home with an established Cookson business sector. His companies can tap the resources of the group research laboratories near Oxford, a team of 130 directed by John Campbell.

Campbell's research into electrically conducting polymers lies behind Key-Tech's development of flexible electronic circuits, using its thermostatic bonding technology to embed conducting tracks into polymer film and then connect components to these tracks.

Similarly, IST's technology for silk-screening circuits on a metal plate has been shown by the scientists to be good for many layers of electronics – eight or nine are already claimed. Each layer is separated by an insulating ceramic film fused at a temperature low enough not to damage those already laid.

Complementary to both of these circuits is Focas's piezo-electric cable, which requires circuits to turn it into a marketable sensing system. New opportunities for power supplies have been opened by Scimat's microporous materials in a variety of polymers, such as solid electrolytes in batteries.

Campbell's scientists work closely with several universities. One reason for relocating his laboratories from west London to Oxford this summer is to facilitate academic relations, he says. "University research takes a lot of servicing – you've got to put the effort in."

Ceramic technology – particularly the role of ceramics in electronics – is at the heart of many of Cookson's partnerships with academe, including one with Sir Peter Hirsch, head of Oxford University's department of materials science. It is also the basis of a university "club" founded and funded by Cookson, in which the universities of Oxford, Cambridge, Cardiff and Durham participate in an attempt to make a high-temperature ceramic superconductor.

Science has a long tradition at the Cookson Group but has received a big boost in the last few years, says Campbell. Recently, the Japanese have proposed collaboration and the US has sought a technology licence. As he sees it, "this means we're at the cutting edge."

Sound quality on the wires

HI-FI buffs will be the first to benefit from a new type of wiring which should improve the sound quality of domestic audio equipment.

Fibre-Data, of Redruth in Cornwall, has developed an optical fibre system to replace the wiring which connects the hi-fi system and the speakers. As optical fibres cables are resistant to interference, the sound quality is much better than with cheaper wiring. Optical fibres can also be used in more expensive systems to reduce the costs.

The breakthrough which has resulted in this development is a powerful light emitting diode which uses visible red light. Infra-red light, which is usually used in large optical fibre cabling systems, can be hazardous in domestic use.

Fibre-Data is combining the diode with an acrylic fibre in a PVC jacket. The company is hoping hi-fi manufacturers will buy this packaged module, but in the meantime is making its own hi-fi system which should cost about £2,000.

Chips make all the difference

NOW TO run the most modern software packages without having to replace all your computer hardware is a problem which occasionally taxes office managers.

Now the Australian company Hypertec has come up with a solution for companies wanting to use software for computers based on the latest Intel 386 processor, when their own machines are based on the older 286 chip.

The answer is the installation of a credit card printed circuit board, which is fitted with the 80386X processor chip. The board costs £499, compared with a price tag of £3,000 upwards for a 386-based personal computer.

Cashier counts coffers quickly

THERE are few things more irritating than standing in a bank queue behind someone who seems to be paying off the third world debt in cash.

To speed up this money counting process, Barclays Bank is installing electronic cash counting equipment from the Percell Group, of Newport, Gwent, in 206 branches. The Tellermate machine can count 100 notes every eight seconds.

The machine, which is slightly larger than a telephone, counts both coins and notes by weight. Although the weight of the coins remains constant, that of the notes can vary by 2 per cent – caused by a change in weather (in dry weather notes weigh less) or by damage to the notes.

The notes are put on the machine in bundles of around 25, to enable the machine to count them to the nearest round number. If too large a wad of notes is put into the machine's hod the cashier is told to remove some, as the 2 per cent differential could cause errors.

Component under close scrutiny

ONE of the problems with today's miniscule electronics components is the increasing importance – and difficulty – of examining the surface of the component in question, and of measuring the magnetic forces at play.

Now IBM's Zurich laboratory has come up with a microscope that can simultaneously produce a high-resolution image of the surface topography and measure these magnetic forces.

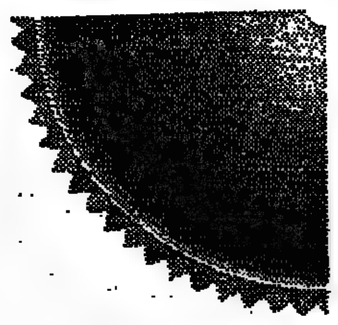
The microscope uses a tiny cantilever with a tip mounted on its free end. By measuring the deflections of the cantilever, caused when minute forces push the tip, it is possible to measure deflections as small as a fraction of a millionth of a millimetre.

Summing up the heart problem

RESEARCHERS in the US have adapted a basic engineering technique to help doctors diagnose the severity of leaky heart valves.

The bioengineering centre at the Georgia Institute of Technology has devised a mathematical formula which can be used with the traditional ultrasound Doppler – which maps a picture of the heart – to assess the amount of blood leaking from the valves.

The formula has been calculated by looking at the way jets – of water, engineering fluids or air, say – behave, and comparing this with the way jets of blood behave when leaking from the heart.



WORTH WATCHING

by Della Bradshaw

In the laboratories a saline or 40 per cent glycerin solution was used to simulate blood flowing through the heart, which was replicated in the lab by a system of mechanical valves and pumps. The researchers believe the mathematical formula will give doctors useful supplementary information to the Doppler system. They are now planning to develop a computer program incorporating the formula to make it easy for the medical profession to use.

Video recorders see eye to eye

THE latest video cameras, or camcorders, have fixed lenses which are ideal for taking general holiday movies. But they can be limiting for aspiring movie-makers who want to take specialist pictures – wildlife films, say, which require a very strong telephoto lens.

To enable video users to change the lenses on their equipment, four Japanese camcorder manufacturers – Canon, Hitachi, Matsushita Electric and Sony – have agreed a standard so that lenses manufactured by any of the four can be used on any of their camcorders.

The standard, originally developed by Canon, defines both the way the lens is attached to the camera and the format for digital signalling between the camera body and lens.

The new type of camcorder should be available by the end of the year – just in time for the holidays.

Contacts: Fibre-Data: UK, 0800 218494. Hypertec: Australia, 02 818 1211; UK, 0672 63536. Percell: UK 0633 280705. IBM: Switzerland, 01 724 8443. Georgia Tech: US, 404 894 3444. Canon: Japan, 03 348 2121.

MANAGEMENT: The Growing Business

Pension legislation amendments

Days numbered for salary-based schemes?

Eric Short explains why many companies will not benefit

A late amendment to the 1990 Social Security Bill introduced by the Government at the Report Stage could sound the death-knell to salary-based company pensions provided by smaller British companies.

The amendment itself looks positively beneficial for employees in company pension schemes, but not for the companies; they now face a substantial, and essentially unquantifiable liability.

This is because the Government is requiring all company schemes providing salary-related benefits to increase pensions above GMP (Guaranteed Minimum Pensions) in line with the rise in the Retail Price Index up to a maximum increase of 5 per cent a year – known as Limited Pension Increases (LPI).

In addition, any surplus in the pension scheme must first be used to ensure that every pension, actual and potential, has LPI attached to it before the employer can use it for its own benefit.

The amendment is very much in line with the underlying theme of the Bill, which is to give members of company pension schemes greater protection. Even so, the move to maintain the real value of pensions when they become payable falls far short of the total protection provided by public sector schemes which give full RPI pensions increases.

The reactions of pensions consultants to the amendment have been luke warm. They criticise the Government for going too far, too fast, in its proposals.

Their main concern is the burden to employers of providing the LPI increases. They believe that many employers, particularly the smaller ones, may find it impossible to carry the cost.

Under the current system of financing pensions in the UK, the practice is to fund for a contractual benefit in advance. Then, if conditions are favourable, the emerging surplus from the pension scheme can be used to make benefit improvements for members and pensioners.

Thus, company schemes in general contract to pay pensions that either have very low guaranteed increases (usually up to 3 per cent a year) or no guaranteed increases at all. Any increases are then made on a discretionary basis in line with the amount of surplus available and the financial situation of the employer.

Consultants put forward this financial flexibility as one of the strengths of the present system – a flexibility that is particularly vital for smaller companies.

These smaller firms can introduce a salary-related company pension scheme at a cost that can be afforded by the employer with any improvements to the scheme being made later as and when financial circumstances of the company permit.

Under these circumstances, and with the advent of the State Earnings-Related Pension Scheme (Serps), many smaller employers set up company pension schemes in the late 1970s. This was because they wanted to provide employees with a better pension than that available from Serps.

The drawback to such a financial arrangement is that when a surplus does arise, it takes considerable managerial discipline to use it solely for the benefit of members. When there are so many calls on cash flow, funding pension increases tends to be well down the list of priorities in allocating the cash available.

This was one reason why the Government has introduced this amendment – to impose that discipline on managers of making pension increases. Another reason is that the Government has pinched the Labour Party's clothes in that the Socialists put forward an amendment requiring full RPI pension increases for all company schemes.

Pension actuaries estimate that for schemes which currently make no provision for pension increases, the funding required to guarantee LPI could increase costs by 50 per cent, with possibly no surplus left to offset this increase.

If companies guarantee 3 per cent increases, then LPI could add a quarter to the funding costs.

It therefore seems inevitable that smaller employers will be forced to review their current pension arrangements to see whether they can bear the increased costs.

The temptation to end existing salary-based arrangements is increased because now alternative pension arrangements can be made for employees which were not considered viable in the 1970s.

Now employers can provide pensions in lieu of or in addition to Serps benefits through a money purchase pension arrangement – either a group money purchase or a group personal pension arrangement – or provide extra salary for the employee to make his or her own pension arrangements through personal pensions.

Under a money purchase arrangement the employer and/or the employee pays contributions into a pension arrangement. These are invested and the ultimate accumulated sum at retirement is used to buy a pension from a life company.

The advantage to the employer of a money purchase arrangement is that the amount of contributions paid each year are defined and under his control. There is no *potential open-ended financial liability* as with a salary-based scheme.

The disadvantage as far as the employee is concerned is that he has very little idea, and certainly no guarantee, of his eventual pension. And he does not have the employer to shield him from any adversities in the stock market and economic movements.

The current provisions of the Social Security Bill, including this latest amendment, will not apply to money purchase schemes.

Of course, employers need not switch arrangements. They can alter the benefit structure of their scheme by providing pensions based on 1/80th of earnings for each year of service instead of the usual 1/60th, that is, a maximum pension of half earnings with LPI instead of two-thirds with no LPI.

The proposals come into effect no later than the end of next year. But by then, employers should have a clear idea as to whether Labour will form the next Government and what are its pension plans.

It is a case of hasten slowly.

The facts on how to avoid junk fax

Unsolicited junk mail through the post is bad enough but when it arrives on your fax machine it can be even more of a headache. Unlike junk mail, junk faxes can waste both money and time because they use the recipient's paper and prevent his fax being used by suppliers and customers.

According to a recent poll, fax machines (and answering machines) are the most popular telecommunications products used by small companies, so more small firms can expect to be exposed to junk fax.

It is impossible to protect yourself completely but in a recent report on fax machines What to Buy for Business* suggests ways of reducing the threat.

- Form a closed user group. Restrict incoming faxes to authorised, pre-defined numbers only. The problem is that relatively few companies are able to predict the numbers they will need to accept faxes from and adding to the list can be fiddly. Second, most fax machines have an automatic re-dial facility so the sending machine will try two or three times and tie up your machine anyway.
- Introduce password access. This allows you to add a four figure suffix to your fax number which you only disclose to approved contacts. You can add this suffix to your headed paper but leave it out of fax directories.
- Remove the paper roll. Most junk fax is sent overnight when cheaper rates apply so you could remove the paper roll at the end of the day. This does shut out legitimate senders too, however.
- Stay out of directories. Inclusion is not compulsory.
- Ask to be removed from the junk mail company's list. Direct mail houses are legally obliged to remove your name if you ask though it may take time and trouble to track down the culprit. You may also be on more than one list.

The magazine also suggests that now is a good time to buy a fax machine. Sales in 1989 were lower than expected so many suppliers were left with unsold stocks which are now on offer at well below list price. However, buyers should beware of buying a cheap machine for which they later cannot get support or service, it warns.

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Charles Batchelor

Religion in the workplace

How a mission statement helped resolve an ethical issue

Charles Batchelor reports on problems encountered by employers and staff when complying with Christian beliefs

The directors of Quicks, a South London commercial stationery supplier, were nine months into a 12-month consultancy project* intended to help the company cope with change when the consultants and the company realised they had a problem.

Several months earlier, Quicks, which has sales of £1.8m, had begun advertising for an operations manager – without success. "It was a key role but the project was getting hamstrung because the Quicks wanted a Christian for the job," recalls Duncan Collins, a consultant with the Tunbridge Wells-based Hambleden Group.

Ian Quick, the managing director, and his two brothers, David and Jeremy, are born-again Christians, as was their father, who had set up the company.

Although legislation has now made it illegal to discriminate against people on the grounds of their religious beliefs, the Quicks had always tried to employ fellow Christians, particularly for senior jobs. Seven of Quicks' 20 staff (including the directors) are Christian.

The consultancy project forced the Quicks to face up to the problem of reconciling their beliefs with the way they ran the business. It also allowed them to remove a source of tension between their private and their business lives.

Just how many businesses are run according to Christian principles – or according to those of other religious faiths - is difficult to say. Duncan Collins guesses that there may be several thousand companies facing similar issues as those which confronted the Quicks.

In the early stages of the Quick project the consultants thought they could avoid the religious issue. "We tried to ignore it because we saw it as a no-go area," Collins acknowledges. But when it became clear that it had to be resolved, Collins, who had previously worked for a committed Christian, was brought in to tackle this question.

Collins' solution was for the Quick brothers to draw up a mission statement to include their Christian and their business objectives but to separate their roles as shareholders, directors and managers of the company. The mission statement called on the company and its staff to honour God in all they did; to help people develop; to pursue excellence; and to grow profitably.

As shareholders, the Quicks could take an overtly Christian view of the business and allocate dividends to whichever Christian charitable cause they wanted. As directors and managers, though, they could concentrate to a greater degree on commercial objectives as long as they were achieved within the framework of a non-denominational code of ethics.

The result of this was to free a log jam. As directors and managers taking on new staff the brothers need no longer concern themselves with the religious beliefs of applicants.

Code of ethics

They are now free to take on the person best qualified for the job – as long as he or she is prepared to fit in with the company's code of ethics. This need be no more onerous than the rules to which any well-run company would expect its staff to adhere.

What does this code of ethics amount to in practice? When the brothers sat down to work out what they expected of people in the workplace, the initial result a list of negatives. The company was opposed to lunch-time drinking, to people turning up late and to the use of bad language.

Collins suggested that staff would respond better to rules which stressed the positive. After consultation with the staff, a list of minimum work standards was drawn up.

The list which now hangs on the company's notice board urges employees to be courteous, to use clean speech, to be truthful and well presented. It calls for them to respect confidentiality, to make and keep realistic promises and take care of company property.

One outcome of this discussion of the directors' Christian principles was to bring out into the open a subject which people had tiptoed round before. "People hadn't known what was expected of them," says Collins. "They just knew there was a group of directors who prayed at certain times in the morning and that this meant they had to creep about."

"Now that we have become more up-front we feel there is more respect for our beliefs," says Ian Quick. "By nailing our colours to the mast it meant we were no longer shy about our Christianity."

By finding a demarcation point between their Christian beliefs and their business practices the Quicks have resolved another issue confronting companies which employ strongly religious staff. It was not unknown for Quicks' employees to challenge a manager's decisions on the grounds that God and not the manager was the ultimate arbiter.

Previously the Quicks did not know quite how to handle an objection like this. Now, says Ian, the point at issue would be discussed immediately and openly to prevent it becoming a point of dispute. The employee would be made to see that, on the commercial level at least, the managers' instructions had to be followed.

Sometimes this approach is successful – one employee came back the following day to say he now saw the manager had been right – but in another instance the employee left.

The result of this has been to smooth some of the commercial decisions the Quicks have to take. It has become easier to recruit good staff and management decisions can be implemented more quickly. More important, it removed the pressure on the brothers exerted by apparent conflicts between their business and Christian lives. "It resolved a huge personal issue," says Collins. "That was probably more important than what we did from the strategy point of view."

**This page March 6.*

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- Hanover House, Coombe Road, Norbiton, Surrey.
- Kent House, Upper Mulgrave Road, Cheam, Surrey.
- East Mains Industrial Estate, Broxburn, Scotland.

For further details, please contact T.J. Malthouse or P. Cooper at Weatherall Green & Smith the Receiver's agents on 071 405 6944.

Touche Ross
Eleven Albion Street, Leeds LS1 5PJ.
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Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS KEITH GOODMAN FCA and PHILIP MONJACK FCA

IN THE MATTER OF

HANS KLINKHAMER LIMITED

Offers are invited for the business and assets of this established Manufacturer of Ladies Garments, whose customers include leading High Street Retail Groups. Situated in leasehold premises in London W1, the company has a current turnover of approximately £5m.

For further information please contact
Leonard Curtis & Co, Chartered Accountants, 30 Eastbourne Terrace, London W2 6LF
Tel: (01) 262 7700 Fax: (01) 723 6059
Ref: 3/RAW

The Praill Motor Group Ltd

(In Receivership)

The businesses and assets of the following companies are for sale as a consequence of receivership.

The Praill Motor Group Limited
- Renault vehicle franchise.
- Seddon Atkinson commercial vehicle franchise.
- Service facilities for commercial vehicles and cars.
- Commercial vehicle body building.
- Substantial leasehold premises in prominent location in Hereford.
- Annual turnover of c.£9 million.

Midwest Engineering Limited
- Light engineering sub-contractor (principally for manufacturers of fork lift trucks).
- Substantial plant and machinery.
- Annual turnover of c.£1 million.
- Historically profitable.
- Good order book.

For further information please contact:
PE Baldwin FCA, Price Waterhouse, Livery House, 169 Edmund Street, Birmingham B3 2JB.
Telephone: 021-200 3000. Fax: 021-200 2902.

Price Waterhouse

The Joint Administrative Receivers offer for sale the business and assets of

Briquette Technology Limited

(IN ADMINISTRATIVE RECEIVERSHIP)
BUSINESS FOR SALE as a going concern

- Freehold premises at Scunthorpe - approx 1 acre
- Custom-built briquetting facility, suitable for treatment of moist or dry fines
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For further information please contact: M J Moore and D J Waterhouse, Cork Gully, Albion Court, 5, Albion Place,Leeds, LS1 6JP. Telephone 0532 457332 Fax 0532 424009

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand in the UK, which will merge with Deloitte Haskins & Sells, in the UK on 29 April 1990.

Cork Gully

Tratt Plastics Limited

(In Receivership)

Pinza Plastics Limited

(In Receivership)

The business and assets of the above companies are for sale as a result of receivership.

- South Wales based injection moulding business with turnover of £3m per annum.
- 38 injection moulding machines with full support ancillaries and a range of 700 to 30 tonnes capable of operating parcels of moulds.
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Clarendon Information plc, having completed the purchase of IFS Ltd and its subsidiary companies from Springer-Verlag announces a reorganisation of IFS's publishing activities and is offering for sale all of IFS's publications in the areas of manufacturing, robotics and factory automation. Included will be five quarterly subscription magazines, one monthly newsletter, the rights to its book list currently containing 90 titles together with book stocks and mailing list. These activities produced gross revenues in excess of £700,000 in 1989 and are targetted to achieve higher levels in 1990. Interested parties (Principals only please) should write in confidence to the Chairman, Clarendon Information plc, Leda House, Station Road, Cambridge, CB1 2RN.

Property Development Opportunities

The Receiver of the following properties of Declan Kelly Homes Ltd (In Liquidation), residential property developers, offers for sale as a whole or individually, the following development sites:

ST ALBANS	11 houses and 10 flats, of which 5 houses and 5 flats are substantially complete.
HOLT, WILTSHIRE	6 large detached houses, of which 2 are built.
BRATTON, WILTSHIRE	1 bungalow and 3 houses, of which 1 bungalow and 1 house are built.

For details please contact the Receiver P R Copp FCA, FCCA or E V L Blackwell FIPA (ref JF).

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Tel: (0532) 445451
Fax: (0532) 426308

PLUMBING & HEATING MERCHANTS – TRURO, CORNWALL

STERNRISE LIMITED IN ADMINISTRATIVE RECEIVERSHIP

The business and assets of the Company are offered for sale by the Joint Administrative Receivers.

- 1989/1990 turnover of £525,000
- Currently trading from 2,000 square feet approx. leasehold premises, incorporating offices, showroom, sales counter and stock rooms
- Office equipment, racking, vehicles
- Trading stock of approximately £60-70,000

For further details please contact Richard Neville the Joint Administrative Receiver

KPMG Peat Marwick Corporate Recovery
Phoenix House, Notte Street, Plymouth, Devon PL1 2RT.
Tel: (0752) 225381. Fax: (0752) 266800.

Clothing Manufacturer (In Receivership)

Leeds, West Yorkshire

The above group of companies is principally engaged in the manufacture and distribution of a wide range of clothing.

- Freehold premises of 45,000 sq. feet
- Experienced workforce
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For further details please contact the Joint Administrative receivers:

Scott Barnes or Peter Flesher,
Grant Thornton,
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110 Albion Street,
Leeds LS2 8LA
Tel: 0532 455514
Fax: 0532 465055

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Interested parties should contact the Joint Administrative Receivers: Barry Mitchell and Stephen James.

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Further information may be obtained from the Joint Administrative Receiver Peter Powell or Barry Smith at

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Resource Group Plc (In Receivership)

The company specialises in Land and Hydrographic Surveying using advanced computer software techniques.

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- Turnover in Year to 31 December 1989 £1.2 million

For further details please contact Joint Administrative Receivers.

John Macmillan and Maurice Withall:
Grant Thornton
31 Carlton Crescent
Southampton
S01 2EW
Tel: 0703 221231
Fax: 0703 330443

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Contour Beds

(ARENA SYSTEMS LIMITED – IN LIQUIDATION)

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- Cannock based, leasehold property of 8,000 sq. ft.
- Plant and machinery
- Stock and work in progress
- Annual turnover £1.2 million
- British, European and US patents applied for

Contact: Nigel Price or Sue Batchelor,
Ernst & Young, Windsor House, 3 Temple Row,
Birmingham B2 5LA. Tel: 021-626 6262.
Fax: 021-626 6343.

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As part of their continued expansion into Europe andother world markets, they are seeking either to enter into a joint venture or to acquire companies in the U.K., whose turnover is not more than $US 30m, and who manufacture connectors or similar products used mainly for commercial and aerospace/defence markets.

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For a copy of our Company Link newsletter or further details please telephone :
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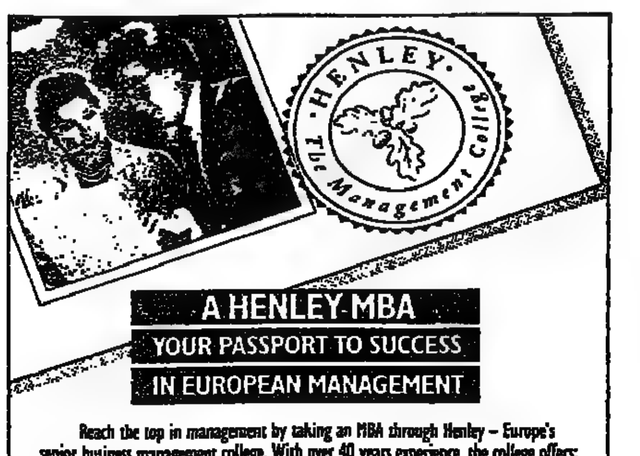

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FINAL DIVIDEND FOR THE YEAR 1989

The Board of Banco Bilbao Vizcaya SA, in accordance with the decision at the Annual General Meeting of the Bank held on 17 March, 1990, has authorised the payment of a final dividend for the year 1989 on all shares in circulation, numbered 1 to 231,000,000 of a nominal value of Ptas 600*. This dividend, together with the three quarterly dividends already paid makes a total of Ptas 290 for the year.

As a consequence of the amortisation of shares agreed at the same Annual General Meeting the actual final dividend will be increased to Ptas 294.78 per share.

The final dividend is as follows:

Gross Dividend	Tax	Net Dividend
Ptas 49.89	Ptas 12.47	Ptas 37.42

Date of Payment: 10th April 1990
Place of Payment: At the Head Office or branches of Banco Bilbao Vizcaya or its subsidiaries

HOLDERS OF INVESTOR DEPOSITARY RECEIPTS (IDRs) should present Coupon No. 15 at one of the offices listed below:

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London EC2P 2LX

Morgan Guaranty Trust Co of New York
Avenue des Arts, 35
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Bilbao, 2nd April 1990
Secretary to the Board

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Maxwell Davies Festival

ELIZABETH HALL/PURCELL ROOM

The South Bank Centre's grand festival of the music of Sir Peter Maxwell Davies has given prominence to his orchestral works – it ends tonight with a performance of his third symphony by the Royal Philharmonic Orchestra. But over the weekend the focus was on his chamber music and theatrical pieces. His second opera, *The Martyrdom of Saint Magnus*, for small forces, was skilfully staged on Friday night at the Queen Elizabeth Hall by Music Theatre Wales with members of the Scottish Chamber Orchestra; and in two concerts at the Purcell Room on Sunday afternoon and evening the Fires of London ensemble rose from the ashes to give us some of its best-remembered repertory items, including Davies's chamber ballet, *Vesalii Icones*.

The opera was written in 1976 for performance at St. Magnus Cathedral in Kirkwall, Orkney. Davies devised his own libretto following George Mackay Brown's novel *Magnus*: in both works the life of the pacifist saint and slaughtered co-earl of Orkney is told in a way that combines fidelity to the twelfth-century record with speculation as to a modern equivalent of the martyrdom. Mackay Brown has Magnus despatched in a Nazi concentration camp; the seventh of Maxwell Davies's nine short continuous scenes jerks the action forward into a present day of police brutality and relentless media coverage. In the ninth scene, though, we are back in the twelfth century to witness a miracle as Blind Mary, praying at Magnus's tomb, is restored to sight.

It is with her lurid battle-prophecies that the opera quietly opens – she is spinning "the web of victory" just as Maxwell Davies is spinning a web of plainsong which will envelop the whole work. But, rather as the five singers of the piece each take on three or more dramatic roles, so the plainsong-derived musical idiom creates multiple moods: there is violent expressionism in the score as well as church-solemnity, parodic facetiousness (in the time-travelling scene) and a subtle recreation of the island sounds of Orkney.

It is a tautly constructed and quite moving piece of work, despite the dramatic problem that the central character is too virtuous to engage enough of our interest. Tenor Christopher Gillett played him with a perpetually lost and vulnerable, wide-eyed look. Peter Thomson sang mellifluously as the Keeper of the Loom; the other baritone, Richard Morris, was a louring, white-faced Tempter. The bass, Kelvin Thomas, had strong vocal presence as the rival earl, Hakon, and the sadistic, falsetto-prone Military Officer. Tamsin Dives gave an eloquent account of the role of Blind Mary.

All five singers become newsflashing reporters in Scene 7, and in this production by Michael McCarthy effective use was made of a television camera and screens as the cast thoroughly invaded the audience (even handing out alcohol). Some of the instrumentalists almost count as *dramatis personae*: hornist Robert Cook's whooping obbligatos were memorable, and Timothy Walker's guitar accompaniments to Blind Mary's monologues had a seasoned expertise. Michael Rafferty's musical direction was inspiring throughout.

The six players who formed the core of performers in Sunday's two concerts did not in truth bill themselves as the Fires of London, but were all members of that distinguished, disbanded ensemble. Their conductor, Paul Daniel, though, was new. He led a lively account of the Fires' "overture," *Antechrist* (1967) – a brief and scintillating transmogrification of a 13th century motet – and a raptly sustained one of Davies's early cantata, *Leopardi Fragments*(1962) for two female voices (Linda Kitchen and Susan Bickley) and 11 instruments.

The sextet played two works unconducted, each daunting in the matter of rhythm and ensemble, and designed as a challenge of and tribute to the Fires' virtuosity. *Ave Maris Stella* (1975) is one of Davies's most inwardly-searching and dazzlingly well-made compositions, and in this performance was both physically and spiritually stunning. *Image, Reflection, Shadow* (1982), though lighter in tone (a Scottish tune creeps into the last of its three movements), is hardly less impressive. Its important part for cimbalom was executed with fiery authority by Gregory Knowles, and Stephen Pruslin did digital wonders with the superfine, superfast piano interjections in the amazing scherzo middle movement.

Ending the day was Tom Yang dancing to Ian Spink's choreography in that masterpiece of expressionism and intricate allusiveness, *Vesalii Icones* (1969). The work's 14 movements refer at once to the Stations of the Cross and drawings of the muscular system by Andreas Vesalius, and Yang's rendition was faithful to both anatomical and religious sources of imagery.

The staging in the Purcell Room was brutally frontal but thoroughly effective – there were many telling details. Jonathan Williams was a suitably astringent cello soloist/anatomy demonstrator; and the work once again proved its enduring musical and theatrical power.

Paul Driver

Diverse notes from the singing revolution

Arthur Jacobs reports from Tallinn on the musical products of Estonia's political ferment

Amid Estonia's present political ferment, it was by no means an irrelevance to be in Tallinn last month simply for a music festival. As the visitor is reminded, it was the singing of new and old national songs at a public gathering which sparked off the present assertion of independence, which has even been called "the singing revolution."

Links newly forged with Finland (the languages of the two countries are related), with Sweden and with other Western countries provide an artistic counterpoise to the pull of Moscow. With equal significance, émigré Estonian performers and composers return as feted visitors. The trend was obvious enough at this annual music festival, named the Georg Ots Music Days in memory of a well-loved operatic baritone who died in 1975. There was something almost pathetically loyal in the allocation of a whole concert – orchestral, choral, and solo instrumental music – to Kaljo Raid, a 69-year-old composer who left Estonia in 1944 and has pursued a career in Toronto as a Baptist minister. For feeble, unself-critical composition this three-hour programme would be hard to beat.

Festival fare was indeed variable. At the 15th-century Town Hall, the excellent Swedish soprano Solveig Faringer devoted a recital to the music of her compatriot, Ekell Hemberger; in the lofty Gothic spaces of the Niguliste (St Nicholas Church), a local soprano throttled Bach. At the centre of the festival, and of the town, stands the Estonia Theatre, the republic's principal home of opera and ballet. Here Arne Mikk as chief producer – in effect, artistic director – energetically attempts to maintain a repertory both individual and universal.

Operetta, a term which here embraces such musicals as *Fiddler on the Roof* and *My Fair Lady*, is well liked, with ticket-prices higher than for opera. A new production of *The Mikado* (in Estonian, of course) is scheduled for October, with some keen speculation as to which topical victims will be on Ko-Ko's "little list." I saw Kálmán's *Countess Maritza* staged in the full, traditional Ruritanian-baronial style under the direction of a producer from the Budapest Operetta Theatre, Laszlo Hegedüs, with "gipsy" musicians on stage and some neatly taken characterisation (Sirje Puusa as Lise, Arvo Laaid as Zsupan).

Printed programmes display two or three singers' names against each principal role, with a pencilled tick to indicate which will sing that evening. One soon begins to appreciate (rather as with the Wells Opera of decades ago) the versatility with which a singer adapts to the occasion. All the more, however, the audience relishes the occasional visiting stars, three of whom were provided by the Finnish National Opera for *Lucia di Lammermoor*, in Italian. Raimo Sirkia and Esa Ruutunen were the virtuous suitor and villainous brother to "Miss Lucy" (as the programme put it), impersonated by the diminutive Dilber, a soprano of Central Asian origin who uses a single professional name. Her voice was small but pleasing, the men's voices sturdy enough, but little tension was imparted by Eri Klas's conducting and the whole was hard to swallow in an altered order of musical scenes as a kind of flashback in the hero's mind.

Mikk's production, moreover, was crippled by poor staging and design, one of those hopeless attempts (as with the Welsh National Opera) to conflate the exterior and interior scenes - tombstones in the castle hall! Worse yet, because unsuited to so small a stage, was Musorgsky's *Khovanshchina*, sung in Russian (there is no animosity towards Russian culture as such) in Shostakovich's edition. Misshapen in sight, ugly in movement, perfunctory in characterisation. this spectacle could hardly be credited as the work of Moscow's most famous living opera producer, Boris Pokrovsky. The bass Mati Palm as the elder Prince Khovansky was among the few to savour his part fully; Eri Klas was here an admirable conductor.

Paradoxically the opera most impressive to the visitor, drew the smallest local audience. *The Pastor of Reigi* is a late work by Eduard Tubin (1905-84), another Estonian composer who chose to live (and died) in exile. Tubin's symphonies have already won esteem, not least under the baton of Neeme Ja"rvi, who was chief conductor at the Estonia Theatre before his Scottish National Orchestra years.

Based on a novel by the Finnish-Estonian writer Aino Kallas, the opera's six short scenes narrate a historical 17th-century episode involving the pastor of a fishing village, his wife, and the newly arrived young deacon with whom she runs away. The adulterers face a court (a scene entirely in speech, against orchestral background) and are executed; a lively ballad-singer mocks the incident. The lack of orchestral interludes to connect the earlier scenes makes for some disjointedness, but the melodic surge and harmonic resource of both orchestral and vocal music - mainly declamatory - fully justify a staging.

Marika Eensalu and Ivo Kuusk in *The Pastor of Reigi*

Moreover, the opera was realised with thorough theatrical intensity in a staging by Mikk, with scenery by Ingrid Agur which kept the fishing-nets as a constant visual motive. Paul Ma"gi conducted an ideal cast: Teo Maiste as the Pastor, Ivo Kuusk as the deacon, Marika Eensalu as the wife (splendid suppressed sexuality!), with lively support in minor roles, including Arvo Laid's ballad-singer. This operatic evocation of the country's past is something I shall remember, but if the festival is to capture international opera-lovers, there is much upgrading to be done.

Kremer & Holliger

BARBICAN HALL

The Chamber Orchestra of Europe's spring season at the Barbican has been divided between two conductors, with Roger Norrington first taking charge of a pair of Haydn concerts, while on Thursday and Sunday Heinz Holliger (in his first London appearances with a baton rather than an oboe?) offered more varied fare, revolving around Gidon Kremer as the compelling soloist.

London has been favoured highly by Kremer so far this year; his appearances have become now so infrequent that the chance to hear him both in chamber music during the Schnittke celebration and again in concertos with the COE should have been grabbed by anyone with the remotest interest in the current state of the violinist's art. For my money Kremer is peerless in the excitement and commitment of his playing and in his ability to transform the most imperfect of works by sheer virtuosic force. At the Barbican he focused his powers of persuasion upon Schumann's Fantasy Op 131; it is as lame a piece of late Schumann as one can find, full of tired sequences and recycled harmonies, yet he was still able to uncover kernels of unaffected lyricism, and for those moments at least one could believe in the work.

In Thursday's programme Kremer had delivered his familiar, quirky account of Beethoven's Violin Concerto complete with the cadenzas composed by Schnittke, a dubious complement to the work. Schnittke's own Third Concerto was included on Sunday. It remains the most intriguing and effective of Schnittke's violin works, balanced on the cusp of tonality and atonality, coloured with romantic echoes and with edges blurred by microtones, and demanding exactly the kind of passion that Kremer can supply. He plays it as if it were a central repertory piece, which it might well become, warming the work to life with its opening cadenza, inflecting its Bergian final elegy with sweet pathos.

For all this Holliger proved the most alert and punctilious of accompanists, and the COE predictably the most alert of orchestras. One is loathe to praise Holliger's accomplishment as a conductor too highly for fear that we will hear his imperishable oboe playing less often, but the way in which he shaped Beethoven's Seventh Symphony at the end of the series, the orchestra stretched to its virtuosic limits, revealed a copious talent, able to voice and shade every phrase while still fitting each element into a thoroughly satisfying dynamic envelope.

He also is clearly interested in exploring the byways of the repertory; his programmes included a Shostakovich string symphony (an arrangement of the tenth string quartet) and Schumann's Overture *Hermann and Dorothea*, a late piece full of easy melodic invention and genuine dramatic tension for which such an act of rehabilitation was long overdue.

Andrew Clements

Dietrich Fischer-Dieskau

QUEEN ELIZABETH HALL

You will never find an audience that sits as silently as one at a recital by Dietrich Fischer-Dieskau. Not a breath of air was to be heard at the Queen Elizabeth Hall as he caressed the beginning of Brahms's "Wie bist du, meine Königin" – one of seven encores that evening and a piece of singing so withdrawn and intense that the audience was held in rapt concentration to the final bar.

The eminent German baritone was in London throughout last week for what is becoming an annual series of three recitals. (The dates for 1991 have already been announced.) Any doubts that, at 66, he will still be in a fit state of vocal health to appear can be set promptly aside. The voice is growing old with the dignity of an elder statesman, no longer soft and smooth as it was in youth, but threaded with silver, eloquent and wise.

The old charge that he neglects a simple legato line holds good. The songs tend to proceed in fits and starts with sudden bursts of emphasis; but in his later years Fischer-Dieskau has found a freedom in his singing that gives the impression he is improvising the effects as he goes along. At his most inspired he seems to take the listener by the hand and lead him deep into the secret heart of a song that has lain untouched before.

In Thursday's recital the single work was Brahms's *Die schöne Magelone*. In comparison with the performance that he gave of the cycle at Salzburg back in 1964, recently issued on disc, the singing here was unsettled and inclined to hover dangerously close to the extremes of intensity that the music can bear. But how easy it was to forgive him when a song like "Wie soll ich die Freude" would suddenly plunge into such depths of inner feeling.

On Sunday he turned his attention to Wolf with no less concentrated results. A world of hushed sweetness and concealed passion was compressed into "Benedeit die sel'ge Mutter". In a selection from the Mörike Lieder "Nimmersatte Liebe" came across with a marvellously judged wry wisdom and the scampering lines of "Begegnung" ran fast and loose with a freedom that might well have thrown an accompanist less expert than Hartmut Höll.

There has never been anything comfortable or complacent about an evening with Fischer-Dieskau and these days he is even more urgently intent that no moment should be let slip for the listener's mind to coast along. Everything is important. The wonder is that at this stage of his career the singer still has a voice with so limitless a capacity for expression within his power.

Richard Fairman

Julius Caesar

Tim Pigott-Smith as Brutus

TOURING

If every play has its day then 1990, with the rumble of political upheaval pounding and shaking the international landscape, should surely be *Julius Caesar's*. Rod Langsford, designer of this touring production for Compass Theatre Company, seems alone in grasping this fact. His setting of monumental stone blocks enshrines the idea of political earthquake in a bas-relief of an armoured horseman which splits and oozes blood at the murder of the emperor, and in which the spectral Caesar himself is later spotted frozen in mid gallop like a horseman of the apocalypse.

There is nothing very apocalyptic about the rest of Michael Joyce's production which resounds with the clash of steel on wood as the conspirators, their togas as crisp and starchy as their diction, face the consequences of their rebellion in stiffly choreographed battle scenes, the atmosphere of which depends entirely on the bloodiness of the lighting and the belligerence of offstage drums.

The problems start early, with a Cassius from Peter Blythe whose delivery is staccato going on garbled, and who is not helped by having to orate, at one point, arm uncomfortably extended to enable a wind machine to catch his toga in token of the gathering storm. Tim Pigott-Smith, who took over Compass after the death of its founder Anthony Quayle, gives a thoughtful and compassionate Brutus whose gentle rebuff of his wife (Pamela Miles) makes it clear that what greatness he has is thrust upon him.

His regret at the inevitability of treason is credible enough but his misjudgment in giving Mark Antony centre stage during the funeral remains unexplored, as does the fickleness of the mob faced with his rueful logic versus Antony's blatantly cynical crowd manipulation.(One certainly can't look to Terence Longdon's Caesar for the key to the mob's split loyalties – he is played as a dull old stick with a pert young peach of a wife.)

Missing from John Duttine's Antony is any sense of the passion that sweeps his famous funeral oration along. Here is a Macchiavel whose sidelong glances take in every shift in the crowd's mood and whose timing is slyly geared accordingly. It is a courageous reading, which fails because in crucial ways it undermines the structure and politics of Shakespeare's play: it is essential that Antony convinces himself and his audience, if only for the duration of his speech, since it is on this that the drama is hinged.

The hollowness of his oration has further reverberations in his mourning of Brutus when there is no crowd left to impress except a straggling line of survivors, their couture as miraculously unrumpled as his emotions seem to be. But by this stage in a regrettably banal evening one has given up looking for anything but the door.

Claire Armitstead

SALEROOM

A continuing yen

You can't blame the Japanese for the poor results from the Impressionist and modern picture sales held in London last week. Sotheby's has worked out that in terms of value the Japanese actually bought 36 per cent of its sold total, and an unprecedented 56 per cent of the key Tuesday night auction which was such a disappointment. It was the Americans who held aloof.

Sotheby's took extra heart from the Japanese buying (which culminated in the payment of a record £2.53m for a work by Dubuffet and another record, of £3.74m, for Chagall), because their two biggest collector-dealers, Aska International and Mountain Tortoise, were not bidding. Indeed the latter was a seller, cleverly disposing of both the Chagall and Dubuffet. There are obviously other keen Japanese collectors.

It is reckoned that the Japanese accounted for over 20 per cent of the turnover of both Sotheby's and Christie's in the second half of last year. However, since there are many markets in which they show no interest, their importance in the key Impressionist and Modern sector rises to over 30 per cent.

So far the collapse in the Tokyo Stock Exchange, and the fall in the yen, has failed to dent their enthusiasm – perhaps they have bought the theory that in uncertain times art is a good long-term investment.

*

At Christie's in London yesterday a drawing of a tree by Annibale Carraci doubled its estimate at £88,000 in a successful Old Master drawings auction. In the afternoon Old Master paintings came under the hammer. "Peasants on the way to market", which is now attributed to a joint effort by the 17th century Flemish artists Johann Boeckhorst and Frans Snyders, sold at the bottom of its estimate for £330,000. In 1911 it had sold at auction for 190 guineas when attributed to Rubens.

A Dutch still life by Balthasar van der Ast of fruit in a dish, with a grasshopper and a caterpillar, was at the higher end of its forecast. It is unusual, in being the earliest known dated (1617) pure fuit painting of the genre and also, if the attribution is correct, the earliest surviving work by van der Ast, who was 35 at the time.

A triptych of the Virgin with Saints by the *Master of the* Legend of St Catherine, a late 15th century Netherlandish work, perhaps by Peeter van der Weyden, fetched the same sum.

Sotheby's New York sales over the weekend had mixed results. Chinese snuff bottles went swimmingly, with a Canton enamel bottle with a Yongzheng mark selling for ten times itsestimate at $37,400 (£22,800), but English furniture was lack lustre, totalling almost £1.2m., with 26 per cent unsold, including several top lots.

The current demand for early Victorian furniture was apparant in the $143,000(£87,301) paid for a mahogany octagonal library table of around 1840 which carried a top estimate of $30,000.

Antony Thorncroft

ARTS GUIDE

April 6-12

OPERA AND BALLET

London

Royal Opera, Covent Garden: A newly staged production (in old sets) of *Die Meistersinger* by John Cox introduces two renowned Wagner portrayals – Bernd Weikl's Hans Sachs and Hermann Prey's Beckmesser – to London audiences.

English National Opera, Coliseum: David Pountney's new production of Verdi's *Macbeth* has Jonathan Summers and Kristine Ciesinski in leading roles, and Mark Elder as conductor. Also in repertory: *The Mikado*, and final performances of Pountney's witty, sharp-edged production of Prokofiev's *The Gambler*.

Paris

Bastille Opera. The newly inaugurated opera house performs an integral version of *Les Troyens* by Berlioz (Sat). (40011789).

Paris Opéra. Roland Petit arrives with *Carmen, The Young Man and Death* and *Debussy for Seven Dancers* at the Palais Garnier (47425371).

Théâtre de la Ville. Jean-Claude Galotta and the Group Emile Dubois perform *Les Mystères de Subal* (42742277).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in a new production of Wagner's *Lohengrin* with Josef Protschka (Lohengrin), Harald Stamm (Konig Heinrich) Tina Kiberg (Elsa) staging by Anja Silja, sets by Adrianne Lobel. (Fri, Wed, Sun).

Forest-National. Lodz Grand Theatre of Poland performs Verdi's *Nabucco* with Romuald Tesarowicz (Fri, Sat).

Milan

Teatro Alla Scala. A totally Japanese production of Puccini's *Madama Butterfly*, by Keita Asari, with sets by Ichiro Takada and choreography by HidejoKanzaki. Adriana Morelli and Paolo Gavanelli lead the cast, conducted by Gianandrea Gavazzeni (80.91.26).

Teatro Lirico. The Scala ballet company in *A Midsummer Night's Dream*, with choreography by Robert de Warren and sets and costumes by NadineBaylis (86.64.18).

Venice

Teatro la Fenice. The Béjart ballet of Lausanne in *Ring um den Ring (Ring around the Ring)*, based on Wagner's Ring cycle. Choreography by Maurice Béjart and sets and costumes by Peter Sykora (opens Tues) (5210161).

Turin

Teatro Regio. Pasquali Grossi's production of *La Traviata* conducted by Roberto Abbade, with Nelly Miricioiu, Renato Bruson and MarioCarrara (8815.241).

Berlin

Opera. *Aida* has a strong cast led by Anna Tomowa-Sintow in the title role, Bruna Baglioni, Giorgio Lamberti, Michael Sylvester and Ingvar Wixell. *Hoffmanns Erzählungen*, in Giancarlo del Monaco's production with Faye Robinson, Iris Vermillion, Neil Shicoff and Michael Burt. A Stravinsky ballet evening *Agon/Der Feuervogel/ Le Sacré du Printemps* is jointly choreographed by Maurice Béjart and George Balanchine and another ballet Romeo and Juliet.

Hamburg

Opera. *Ein Sommernachtstraum/ Matthäus Passion*, both with John Neuemeier choreography Harry Kupfer's controversial new *Tannhäuser* production is well sung by Rene Kollo in the title role. Further performances of *Fausts Verdammnis*, sung in French.

Cologne

Opera. *Die Walküre*, part of the new Ring cycle in a co-production with the Düsseldorf Opera, produced by Kurt Horres, will have its premiere this week. Also in repertory: *Lulu*, choreographed by Jochen Ulrich, danced to music by Nino Rota, and a well done repertoire performance of *Die verkaufte Braut*.

Bonn

Opera. The new lively *Barbier von Sevilla* production by Willy Decker has been well received. Singers include Ernesto Palacio, Bruno Practico, Jennifer Larmore, Alberto Rinaldi and Luigi Roni. Also *Coppelia*.

New York

Metropolitan Opera. Franco Zeffirelli's new production of *Don Giovanni* continues, conducted by James Levine with Carol Vaness, Karita Mattila and Jerry Hadley. Hermann Michael conducts Otto Schenk's production of *Die Fledermaus*. Opera House at Lincoln Center (362 6000).

FINANCIAL TIMES

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Tuesday April 10 1990

EC and the Gatt Round

DECEMBER 1990 is going to be an exceptionally busy month for the European Community. It will start with elections in the EC's pivotal member, Germany; the inter-governmental conference on economic and monetary union will begin; and the Uruguay Round of multilateral trade negotiations will end. The last event may get the least attention, even if it is to happen in Brussels, but it is not the least important.

Some claim that the collapse of communism in the eastern half of Europe is due to the EC's example. But the EC's postwar prosperity was not achieved in isolation. The secretariat of the General Agreement on Tariffs and Trade has reported that global merchandise trade reached $3.1 trillion in 1989, while trade in commercial services exceeded $600bn. The global economy symbolised by these huge trade flows has been the context within which the EC has prospered.

Between 1983 and 1989 world exports grew two percentage points faster than world output. Success in the Uruguay Round should ensure the continued leading role of trade in world growth. It will also determine whether countries in what were the second and third worlds will be given a chance to join the ranks of the first. As Mr Francis Maude, Minister of State at the Foreign Office, remarked in a pamphlet for the Centre for Policy Studies released last week, successful completion of the Uruguay round of negotiations could make the Gatt the "foundation of the new world peace order." Such success is by no means assured.

Priority ignored

The EC is the world's largest trading entity. Its responsibilities are of corresponding dimensions. Yet neither the responsibility nor the saliency of the issue is adequately recognised. At a recent conference Mr Renato Ruggiero reported his impression that "the Community has not given to the Uruguay Round the priority consideration which was and still is needed." Mr Ruggiero speaks with authority. He is, after all, the Italian Minister for Foreign Trade.

While EC officials have made important technical contributions to the complex negotiations proceeding in Geneva, their masters have shown little inclination to grasp the political nettles. But the challenges of this negotiation are, above all, political. All the major participants will have to lead sacred cows to the slaughter.

For the EC the most sacred of all cows is the common agricultural policy. Substantial liberalisation will have to be delivered if the Uruguay Round is to succeed. Restrictions on imports of textiles and clothing imposed under the Multi-fibre Arrangement will also have to be liberalised, but without a *quid pro quo* in the form of selective (discriminatory) emergency protection within the Gatt. Only then are developing countries likely to embrace the proposed disciplines in new areas like services and intellectual property.

Late agreement

Parkinson's Law suggests that the crux of a negotiation will always be reached in the last hour. If true in this case, the meeting in Brussels next December will be a shambles. At that late hour it will be virtually impossible for ministers to agree on the overall outlines of the deal and negotiate the final text of each specific agreement. If the Brussels meeting is to succeed, the outlines of the deal must have been agreed before, preferably by July.

Unfortunately, Mr Frans Andriessen said only last week that the EC would not be ready to consider such an early deal. But more positive EC leadership is essential, since important figures in the US have become increasingly doubtful about the multilateral trading system itself.

The EC must pick up the baton. With the 1992 programme and soon Emu under way, there is no reason why it should not. The CAP is no longer a totem of European integration. It represents, instead, precisely the sort of backward-looking protectionism that the EC should reject. The EC will never find substantial liberalisation of the CAP easy and a German election will make it still harder. But it must be done. The trading system and, with it, the EC's role in the wider world is at stake.

A retreat on testing

IT IS LESS than two years since Mr Kenneth Baker's Education Reform Bill became law. But the impracticability of much of the testing and assessment ordained by the act is already becoming obvious. Yesterday, Mr John MacGregor, the UK Education Secretary, announced that the Government will drop statutory tests in most subjects for seven year olds and, probably, 11 year olds. This is a welcome U-turn: if Mr MacGregor had pressed ahead with statutory testing on the scale envisaged by his predecessor, he would have placed immense bureaucratic demands on teachers for little or no educational gain.

The 1988 Act created the first National Curriculum in British history. It stipulated detailed attainment targets in 10 subjects at 10 ascending levels of difficulty. The attainment targets are grouped into "profile components" (for example, in English, these are reading, writing and oral work). Pupils' progress in each subject was to have been rigorously assessed by means of specially-designed Standard Assessment Tasks (SATs). These are lengthy tasks which can take several weeks to administer. Testing in all 10 subjects was to have occurred at the ages of seven, 11, 14 and 16.

Educationalists quickly became aware that Mr Baker's testing machinery was absurdly complicated. For example, in mathematics, English and science alone (the so-called "core" subjects) seven year olds face 33 different attainment targets. The primary school teacher with a class of 30 has to register 990 separate marks, before beginning the statistical task of assessing performance by profile component.

Internal assessment

Mr MacGregor yesterday accepted that it would be counter-productive to insist on national SATs for seven year olds in the non-core subjects of technology, history and geography. In these subjects teachers would be free to use their own internal assessment techniques. Mr MacGregor did not say what will happen in other foundation subjects such as art, music and physical education. But it is hard to believe the full Baker paraphernalia will be imposed here either: attainment targets in subjects such as PE are not yet on the drawing board. A similar watering down of assessment seems likely at age 11. But on present plans, 14 and 16 year olds will face SATs in technology, history, geography and modern languages, as well as the core subjects (16 year olds will also have to take GCSEs).

Reforming zeal

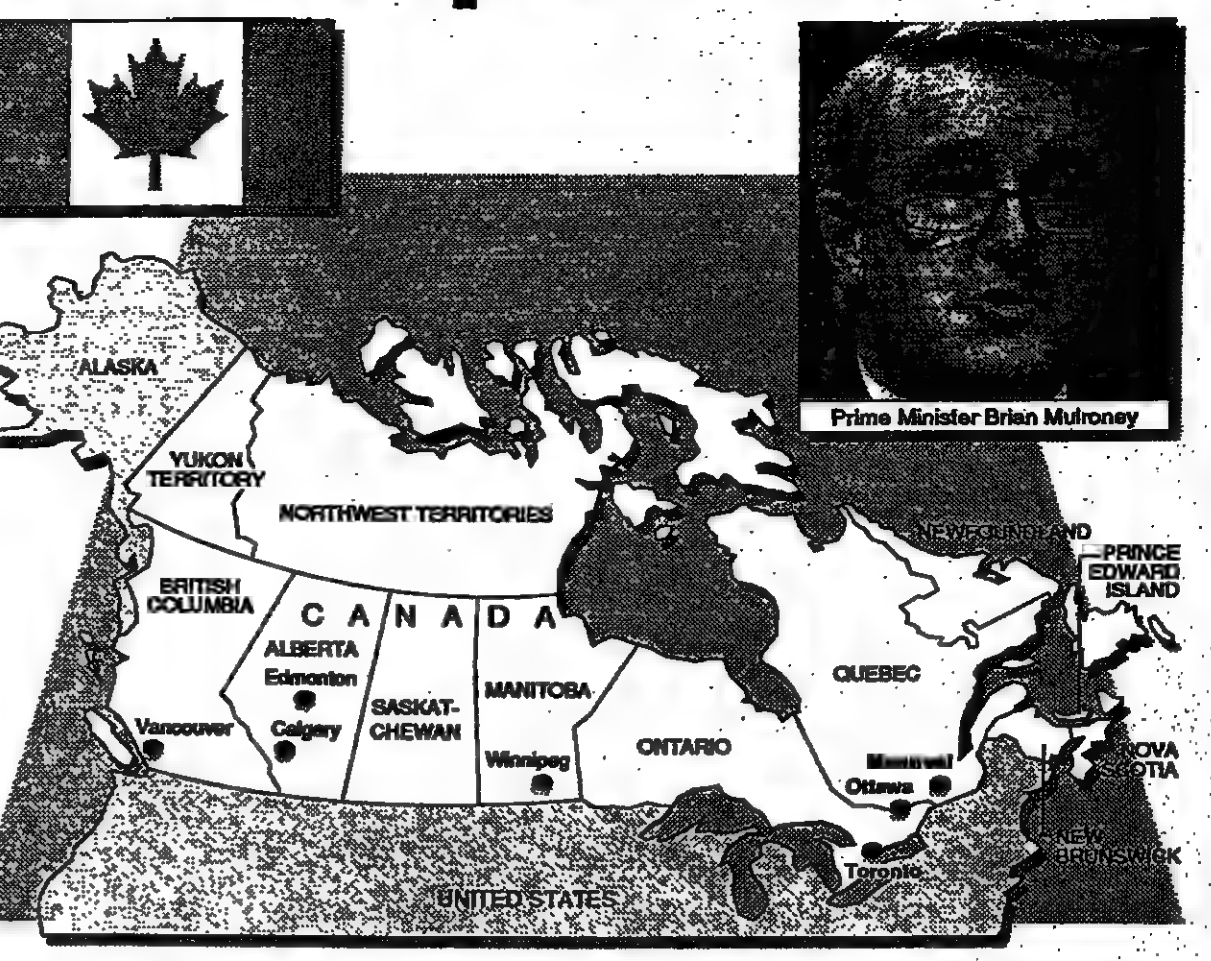
When Mr Baker's reforming zeal was reaching fever height, many commentators, including Lord Joseph, the former Education Secretary, argued that a 10 subject national curriculum – backed by complex testing machinery – was a mistake. Anticipating the kind of controversy now raging over the history curriculum, they said the Government should attempt to set and monitor standards only in the core subjects of maths, English and science. Tests, moreover, should be simple and designed to assess a minimum of essential knowledge and skills.

Mr MacGregor's decision to restrict external testing for seven year olds to the core subjects is an implicit recognition of the strength of such arguments. But even after yesterday's climbdown, the UK remains saddled with an extremely complex and expensive system of testing and assessment. Crucial aspects of the system, such as the creation of 10 levels of attainment in each subject, were rushed through with very little time for discussion or refinement. Yet this *ad hoc* suggestion of a hastily assembled working party will dictate the way children are assessed for decades to come.

In an educational system characterised by choice and diversity, errors in the design of testing and curriculum arrangements are likely to iron themselves out. But in Britain one blueprint is now being imposed on all state schools. The structure of the system therefore matters a great deal. Mr MacGregor has taken a step in the right direction but further adjustments are likely to be needed before the right balance between accountability, complexity and expense is reached.

The Canadian confederation threatens to come unstuck. David Owen reports

A withering maple leaf



Prime Minister Brian Mulroney

Few would include Canada on a list of nations ripe for disintegration. Yet few countries outside eastern Europe are debating their future more assiduously or agitatedly than the US's vast northern neighbour.

It has to be said that this is not all that unusual. Commentators of the stature of Walt Whitman and Wyndham Lewis have been forecasting Canada's imminent dismemberment or union with the US virtually since the nation's inception. Consequently, defining the national identity has become the national obsession: Canadians have a chronic psychological need to differentiate themselves from the Americans.

It is becoming increasingly clear, never the less, that their current misgivings are well-founded. A whole series of factors are contriving to nibble away at the nation's foundations.

Given Canada's formidable track record of muddling through against the odds, the ultimate impact of this process of debilitation remains hard to assess. At best it may prompt no more than a serious weakening of inter-provincial ties and increasingly strong bilateral relations between the provinces and US states. At worst it could herald the fragmentation of Canada.

Between these extremes, it may precipitate a bout of constitutional paralysis or the defection of one or more provinces. Whichever of these courses developments eventually take, the process should not be treated lightly.

The prime focus of present concerns, as ever, is the Quebec problem. The country's only predominantly French-speaking province has always been an uneasy partner in confederation. It has yet formally to accept the Canadian constitution, having refused in 1982 to sign the document following the patriation from London of the British North America Act.

The current high level of interest in the province is explained by the timetable attached to the Meech Lake accord, the document thrashed out three years ago by Prime Minister Brian Mulroney and the 10 provincial premiers in a bid to render the constitution acceptable to the *Quebecois*. To pass into law, the accord must be ratified by all provincial legislatures by June 23. Two – New Brunswick and Manitoba – have still to do this. The legislature of a third – Newfoundland – last week passed a resolution rescinding the approval of the Meech Lake accord given by a previous provincial government. Meanwhile, Quebec is refusing to contemplate any changes to the accord such as might satisfy its opponents.

The accord is designed chiefly to address the five key conditions which Quebec premier Robert Bourassa has said must be met if his province is to embrace the constitution. These were: explicit recognition of Quebec as a "distinct society;" more powers over immigration; restrictions on federal spending power; recognition of Quebec's right to a veto on measures affecting it; and a role in nominating Supreme Court judges.

The tendency is to equate the possible collapse of Meech Lake with the break up of Canada – a contention which the federal government, anxious to secure the accord's passage, has done little to discourage.

In fact, the position is rather more complex. For one thing, some would argue, the consequences of enacting the accord may ultimately be more detrimental to the nation's health than its collapse.

Since consensus in the negotiating process was achieved, in most cases, by offering the powers demanded by Quebec to the other provinces, the accord portends a considerable degree of decentralisation. Ultimately, as some see it, this could be at least as debilitating to Canada as a disappointed Quebec. "If Quebec doesn't kill the country, devolution will," says Professor Bob Bothwell of the University of Toronto.

For another, the Quebec question is far from the only factor contriving to unravel the fabric of the nation. At least four others are loosening insidiously the ties that bind.

Two hard-to-reverse long-term trends are drawing Canada closer and closer into the US orbit. Meanwhile,

Canada and the US are coming closer because the historical reasons for their separation are increasingly remote

two equally intractable flaws – together with a range of less immediately threatening irritants like native land claims and the status of the Territories – are eating away at the nation's fragile cohesiveness. To take the first pair first:

Business is being steadily re-organised on a continental basis in a process which has been epitomised and chivvied along by the US-Canada free trade agreement. The document promises to eliminate virtually all remaining tariffs on bilateral trade by the end of this decade – although many non-tariff barriers will remain. With two-way trade of some $150bn, the US and Canada are the world's biggest trading partners.

As commerce across the 49th Parallel becomes subject to fewer and fewer restrictions, so capital will be increasingly free to migrate to where conditions best suit it. Clearly, cost and fiscal competitiveness will be of paramount importance. For Canada, with an economy one-twelfth the size of its mighty neighbour, the price of improved efficiency appears likely to be further truncation of its already limited capacity to dictate economic – and aspects of social – policy.

As the two countries are also aware, the historical reasons for their separation are becoming ever more remote. This is partly due, of course, to the passage of years since the Boston Tea Party and all that. But it is also due to demographic change.

In a nutshell, Canadians claiming British ancestry – who are likely by definition to be more sensitive than others to the country's record of loyalty to the Crown – comprise a dwindling proportion of the population. In Toronto – Canada's commercial and financial hub – this proportion fell from more than two-thirds to just 30 per cent in the 30 years to 1981.

This diminution has been caused largely by an increasingly multifarious inflow of immigrants from eastern Europe, Hong Kong and other places. For many of these, the US-Canada border must appear as little more than a sentimental inconvenience. With the country in ever more urgent need of more people to help support its fast-growing army of elderly in the years to come, the de-Anglicisation of Canada will likely continue apace.

A widespread perception that Canada is drifting towards closer integration with its widely mistrusted southern neighbour might be expected eventually to spark a nationalistic backlash.

But Canada, which resembles a vast horizontal Chile with its people strewn predominantly along the US border, is a country where regional not national loyalties tend to hold sway. "Many Canadians have long seen the concept of pan-Canadian identity as a threat to their own regional and provincial identities," Mr Richard Gwyn, a journalist, observed percipiently in his book The 49th Paradox. In such circumstances, an outbreak of US-induced xenophobia might actually increase the nation's fissiparousness rather than serve as a bond of last resort to hold the regions together.

Senate reform would require the support of the very premiers whose power the move would be designed to curtail

As for the factors that are threatening already to ungiue confederation, Ottawa's budgetary difficulties are responsible, arguably, for the most acute source of strain.

Despite intensifying efforts to bring it to heel, the federal government's budget deficit is set to rise back above C$30bn in the current fiscal year. Accumulated federal debt, meanwhile, will weigh in at C$352bn. Most seriously, the proportion of revenues that Ottawa must devote to debt servicing will reach some 35 per cent – an all-time high.

Reading the numbers, the more solvent provinces must be toying with the notion of forsaking confederation on financial grounds alone, if by doing so they could escape responsibility for their theoretical share of this debt. Yet a concerted attempt by Ottawa to balance its books would risk antagonising the provinces further. This is because it would presuppose cuts in federal transfers to the provinces, coupled with new tax measures to divert a higher proportion of personal income into federal coffers.

Also undermining the nation's cohesiveness is the unsatisfactory way in which regional interests are brought to bear on federal policymaking. This is often through *ad hoc*, personal lobbying by the provincial premiers rather than through any established process.

As a result, relations between the federation and the provinces are bound to be almost perpetually influenced by electoral expediency. In the absence of synchronised provincial election dates, it is rare for at least one premier not to be campaigning. This was brought home forcefully to federal finance minister Michael Wilson when he tried to persuade the premiers to combine the collection of provincial sales taxes with that of their soon-to-be-introduced federal counterpart. This proved impossible, in spite of the efficiency gains which would have accrued, primarily because the timetable proposed sat badly with some provinces' electoral planning.

What gives a modicum of justification to the premiers' position is the weakness of the Canadian Senate. Parliament's Upper House is not like its namesake in Washington. It is not an elected body, nor is it proportionally weighted in favour of the country's less populous regions. Nor, in practice, does it veto legislation. Its primary function is often said to be to stimulate sober second thought.

This means that the seat of federal government is unequivocally in the grip of the populous central provinces of Ontario and Quebec, which supply 174 out of 295 members of the Lower House.

This, in turn, breeds resentment in the outlying regions, where national policy is often held to be tailored systematically to the centre's best interests. Even the revered Maple Leaf (Canada's national symbol) is believed by proponents of this school of thought to be a centrist emblem: there are precious few maples in Moose Jaw or Tuktoyaktuk.

Until Parliamentary reform produces a more credible and effective mechanism to permit the outlying regions to participate in policymaking at the federal level, therefore, it will be hard to argue that the influence of the premiers – often pursuing parochial interests and obstructing federal schemes – should be curbed. On the other hand, reform of the Senate, which is regarded by many as the most straightforward solution, would require the support of the very premiers whose power the move would be designed ultimately to curtail.

Though Canada has a well-deserved reputation not only as an exceptionally humane and tolerant society but also as a survivor, it is far from clear how any of these debilitating trends can be amended or reversed.

This need be a source of alarm only to nationalists: Canadians themselves are set to remain among the planet's most cosseted and privileged individuals. But it is not inconceivable that the term "Canadian" may cease to be appropriate. The century that began with Prime Minister Wilfrid Laurier's proud boast that the next 100 years would belong to Canada may end with the nation's constitutional paralysis, and a significant erosion of the will to co-exist among individual provinces.

OBSERVER

Decisions in July

■ The school of thought that believes that Margaret Thatcher will voluntarily step down as Prime Minister before the next general election seems to me to be growing.

Not all that many people will now take a bet against it, certainly not a large one. This is quite different from a few weeks ago when if you so much as mentioned the idea of a voluntary, graceful departure, you tended to be dismissed as an eccentric. Now people listen: the questions are "will she really?" and "when?"

The odds on her going must be about 50-50 and will change with events. But there is not much doubt about the best timing. The date to watch is the beginning of July.

Parliament will still be sitting. That is essential, for the Tory leadership electoral system depends on the votes of Tory MPs. It is hard to imagine a leadership election taking place during a recess. The campaign, from beginning to end, could take up to three weeks.

By the start of July, MPs will be asking whether the outlook is getting better. If it is, fine. Yet there is nothing in the pipeline – local elections or economic indicators – to suggest that it will be.

MPs will then start looking at the prospects for the next few months. They will foresee a summer of uncertainty, a difficult party conference and the possibility of the Prime Minister being challenged for the leadership in the autumn, under the party's own rules, in a much more serious way than she was challenged last year by Sir Anthony Meyer.

That is part of the case for a voluntary move in July. The rest of the case is that the Labour Party is where it is today – over 20 points ahead in the opinion polls – largely by doing nothing very much. If there were a new Tory leader, the whole focus of media coverage would change. Labour policies and personalities would be subjected to much closer scrutiny. The Tories would have a honeymoon. And the odds about who would win the next general election would swing dramatically.

There is a more personal point. If Mrs Thatcher does step down voluntarily in July, she will win back a lot of sympathy. She will be admired for not hanging on, and her earlier achievements will be more appreciated. That is considerably better than leading the Party into a fourth general election and losing.

Going into a fourth general election and winning, of course, would be even better. But it does not look likely. Watch July.

Cheaper port

■ The best way to buy port, I was told after writing about the Sandeman bicentenary, is to use the Advance Port Purchase (APP) scheme, because port takes a long time to mature. It means investing in the vineyard and receiving a steady supply for some years afterwards. Quinta de la Rosa, a breakaway supplier from Sandeman, say that investment of £1,000 ensures a supply of five cases a year for five years, which works out at £40 a case.

Old drugs

■ Past – as distinct from present – use of drugs may be becoming acceptable in the US.

In 1987 the nomination of Douglas Ginsberg to the Supreme Court was fatally undermined after the disclosure that he had used marijuana in the late 1970s when he was a professor at the Harvard Law School. He had to withdraw.

"These riots have certainly deterred me from going to prison."

Now that the flower power generation is coming to real power, however, there are signs of a change. Last week the Senate comfortably approved the nomination of Timothy Ryan as chief regulator of the Savings and Loan industry, even though he had admitted smoking marijuana on several occasions in the early 1970s, when he was in his mid-20s, and having the odd experiment with cocaine.

It helped that he had volunteered the information himself, and anyway there are not all that many people who want the job of regulating the S and Ls. Still, he made it without fuss.

A key test of the extent in the change in attitudes will come in Texas today in the run-off Democratic primary for the governorship between Ann Richards, the State Treasurer and an admitted former alcoholic, and Jim Mattox, the State Attorney-General.

Mattox, who describes himself as "Texas Tough", has accused Richards of having used cocaine and marijuana 10 years ago. Richards has denied having sought treatment for the use of cocaine. But she has generally parried questions, apart from saying she has not used a "mood-altering" drug in 10 years.

There have also been allegations that Mattox himself smoked marijuana in the 1970s, though he denies them. The race is too close to call.

Prepositions

■ A reader in Holland with the anglophone name of Peter Walker wants to launch a campaign against redundant prepositions, called CARP. The double preposition that most appals him is "outside of." He claims that the Financial Times is full of such usage, as, for instance, in "demonstrators in a rally outside of the Supreme Soviet."

Walker says that he has compiled a whole file of them, that the usage is originally American and was picked up by estate agents in Europe, some of whom must have progressed to the FT.

We can't say that we have noticed all that many "outside ofs," but we shall be on the look-out. With readers who keep files on our grammar, how could we not?

Another Turk

■ Such is the spate of jokes about the Turkish Prime Minister, Yildirim Akbulut, that the Turkish newspaper, Sabah, has now produced a book of them. It is called Once upon a Prime Minister, and although we promised not to print any more, here is one of them. The Prime Minister decides that he must learn English, so he goes to a language school. After his first lesson, he says: "If only I had known it was so easy . . . I had no difficulty in speaking English as if it were my mother tongue." Nobody dared to tell him that he had been on the course: "Turkish for Foreigners."

هكذا من الأصل

LETTERS

The curious affair of the Governor's speech

From Mr Tim Congdon.

Sir, The recent speech by Mr Robin Leigh-Pemberton, Governor of the Bank of England, at Durham Castle was a curious affair. ("Governor says policy errors fuelled inflation," April 6).

On the one hand, he was deliberate about admitting that "yes, if we look at policy as a whole, *something* went seriously wrong with monetary management in the late 1980s;" on the other, he tried hard to argue that "no, if we look at each individual aspect of policy, we did as well as we could in the circumstances."

The self-contradiction was most obvious in his discussion of the money supply and over*funding*.

When talking about the roots of the current inflation, the Governor suggested that these had "been essentially financial and substantially monetary." He then proceeded to discuss the rapid growth in consumption in the late 1980s, with much analysis of credit, the housing market, equity withdrawal and such like, but there was no reference to money – in the sense of a particular category of notes, coin and deposits – at all.

The confusion may have stemmed from uncertainty about which measure of money could have been causing the inflationary trouble.

The Bank of England (unlike the Treasury), has always understood that narrow money (for example M0) cannot play a causal role in the inflationary process, but is merely an indicator of the current state of the economy. It follows – if we are to accept the Governor's premise that the roots of the inflation resurgence are "substantially monetary" – that only broad money could have been to blame.

But the Governor went on to say that he and his colleagues had abandoned the view that there was "a robust and predictable relationship" between broad money and demand. So, presumably, broad money was not the culprit.

Where are we to go from here?

Inflation has monetary causes, but neither narrow money nor broad money caused the recent upturn in inflation. Perhaps the Governor should write another speech where he spells out the answer to this conundrum.

The passage on overfunding presented further difficulties.

The Governor did not deny that there are "various accounting relationships" which mean that extra funding reduces broad money. (This is a welcome advance on the Treasury's wrong, but much-repeated, claim that the money taken out by funding has to be injected back somewhere else in the system). However, he went on to argue that less government borrowing from capital markets had allowed more corporate borrowing from the banking system.

If the Governor was correct, a reduction in bank lending to companies ought to have been recorded after the demise of overfunding in mid-1985. Moreover, that reduction in bank lending ought to have left broad money growth at roughly the same rate as during the period of overfunding.

What are the facts?

In the four years to mid-1985 bank lending to industrial and commercial companies averaged £6bn and the annual increase in M4 13.1 per cent; in the four years after mid-1985 such lending averaged £13.3bn and the annual increase in M4 18.4 per cent. Both bank lending and the rate of broad money growth accelerated after overfunding was stopped.

The Governor's claims are not substantiated.

Unhappily, the Governor was right in the opening paragraphs of the speech to admit that mistakes in monetary policy were made in the late 1980s. These mistakes were – and remain – particularly serious in relation to funding policy and to broad money.

Tim Congdon,
Economic Adviser,
Gerrard & National Holdings,
33 Lombard Street, EC3

Not confidential but counter-productive

From Mr Crispin Manners.

Sir, Alice Rawsthorn's article ("Spending on junk mail rose by 43 per cent last year," April 3) provides helpful statistical measurements for the daily weight of often unwelcome *mail we all now receive.*

However, it fails to highlight a new and thoroughly unsavoury practice that threatens to undermine the positive attributes that direct mail can offer business.

"Private and Confidential" must be two of the most meaningful words in the business world when seen on a sealed *envelope. They carry a gravitas* that demands priority attention and suggests significant importance.

"THE ART OF PRIVATE AND CONFIDENTIAL LETTER WRITING IS DYING OUT."

To be tricked into giving priority attention to a non-urgent letter is nothing short of deception – yet another gimmicky technique that threatens to bring my own profession of public relations into disrepute.

The value of a direct mail letter being read in such misleading circumstances must be out-weighed by the extreme irritation experienced when one realises what the letter contains, so why do it?

My experience demonstrates that the success of a direct mail item is dependent on three main elements: good targeting (*an impeccable mailing* list); good copy; good presentation.

So surely all the direct mail houses should concentrate on good practice rather than deception. It only backfires and reflects badly on the direct mail industry as a whole.

Crispin Manners,
Chief Executive,
The Argyll Consultancies,
Manhattan House,
140 High Street,
Crowthorne, Berkshire

A matter of serious research

From Mr David Bevan, Mr Paul Collier and Mr Jan Willem Gunning.

Sir, It will come as no surprise that we found your review of our book, Peasants and Governments: an Economic Analysis ("Peasants deserve better," Review of Business Books, April 2) both shrill and trivialising.

Of course it is not earth-shaking to conclude that governments habitually intervene in the lives of peasant households and that the consequences of these interventions are sometimes beneficial and sometimes damaging. It is not even earth-shaking to set out systematically to trace these consequences, but it is a serious, not a trivial undertaking.

If your reviewer really believes that it is self evident, for example, that limited availability of consumer goods may induce perverse responses to producer price reforms, or that peasant farmers are capable of very high savings rates out of windfall income, he has not been following recent policy debates with much attention.

David Bevan,
Paul Collier,
Jan Willem Gunning,
Unit for the study of African Economies,
Institute of Economics and Statistics
University of Oxford

A system to give market makers confidence

From Mr B.J. Cameron Smail.

Sir, I write in response to Andrew Freeman's articles ("Eurosterling buy-ins may damage sector's liquidity," March 28 and "Regulators eye Eurosterling bond buy-ins," March 29). It is not always beneficial to the development of a market if a particular participant's views, in this case market makers, are given undue weighting. Here are some considerations which may help put an important debate into context

- Both the International Stock Exchange (ISE) Yellow Book and the Financial Services Act already outlaw the manipulation of markets. This applies both to buy-ins and to stock held by underwriters but not placed in respect of new issues.
- The proposals before the ISE for the development of a new settlement system for corporate bonds, modelled on the Central Gilts Office, would, if approved, make it easier for market makers to borrow stock to settle short positions. This would improve market liquidity generally.
- The presence of issuers buying in bonds if they become too cheap provides a counter-balance to the event risk faced by investors. The extent of these activities is controlled by the ISE rules on: disclosure of buying-in of more than 5 per cent of an issue and notification of any bonds cancelled. It would be time consuming and expensive if an issuer were obliged to make a general offer to all bondholders every time a market maker offers it a small holding of bonds.
- The role of market makers is to take position in stock – they benefit from the sale of long positions where an issuer buys in stock. Why should special rules apply if they decide to sell short an issue if the purchaser happens be the issuer?

While clarification may be required of procedures to prevent issuers creating a short squeeze on the market by prematurely cancelling bonds purchased in the market, the main point of the debate is the development of a new settlement system which gives market makers confidence in their function and the need to clarify the consequences of existing legislation. We certainly do not need more regulation!

B.J. Cameron Smail,
Group Treasurer,
British Telecom,
81 Newgate Street, EC1

Anomalies in beneficial loans taxation

From Mr C.F. Pocock.

Sir, I am grateful to Mr P.J. Rivett for his response (Letters, March 28) on beneficial loans tax anomalies. The Inland Revenue is bound, as are taxpayers, by the wide definition of "the benefit of a loan obtained by reason of a person's employment" in Schedule 7 TA 1988. That potentially catches any loan made by the employer to his employee.

Mr Rivett suggests that inspectors of taxes might concede on cases where the interest rate can be shown to be a rate available to the public. I am afraid this is not the case and several of my colleagues have been as far as the General Commissioners only to establish that the law is not on their side in this matter.

I would not be surprised if some inspectors of taxes too find the whole business unsatisfactory. Whatever happened to the taxpayers charter?

C.F. Pocock,
4 Broadfields,
Harpenden, Hertfordshire

EPLF denies seeking aid from Arab regimes

From Mr Y.G. Meskel.

Sir, Julian Ozanne maintains ("Embattled Horn of Africa is centre of fresh power struggle," April 3) that the Eritrean People's Liberation Front (EPLF) has "appealed to Arab governments for assistance" and claims that it has received shipments of arms from Saudi Arabia, Syria, Iraq and Libya.

These assertions are utterly unfounded.

To begin with, the EPLF does not have links of any kind with Saudi Arabia, prohibited as it is even to open an information office to cater for the sizeable number of Eritrean exiles there.

Libya was until recently one of the main military allies of Ethiopia, supplying it with substantial hardware, including Antonov transport aircraft during Ethiopia's large-scale offensive against the EPLF in its Red Star Campaign of 1982.

Ethiopia's relations with Iraq are cosy, eliciting Addis Ababa's public praise to Baghdad for its recent handling of the Kurdish problem.

Syria has never been prepared to risk the wrath of its Soviet ally by supporting the *EPLF militarily when Moscow* has been involved massively in propping up the Mengistu regime.

While this is the reality of the situation, the Ethiopian Government has doggedly been sowing disinformation in its efforts to lure Israeli involvement to add fuel to a turbulent region.

It is unfortunate that Mr Ozanne has fallen prey to this trap to portray the 30-year-old war of self-determination in Eritrea as an extension of the Arab-Israeli conflict.

Yemane G. Meskel,
Responsible for Information,
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Shares as reward for individuals and teamwork

From Mr George Copeman.

Sir, Before the 1984 Budget the Wider Share Ownership Council asked the Government to make the introduction of tax reliefs for executive share options conditional on the company also having an approved share scheme for all employees. This proposal was not accepted and Mr John Moore, then Financial Secretary, explained that such an arrangement was not considered necessary as it was expected that the introduction of executive share options would cause a parallel growth of all-employee schemes.

In fact, there are now 4,326 approved discretionary (executive) schemes, 891 approved savings related share option schemes and 890 approved profit sharing share schemes. Moreover, the executive schemes are increasing faster than the all-employee schemes.

Repeated pleas in the last five years to redress this imbalance have been rejected. The Government does, however, have an opportunity to take a first step towards doing this in the Finance Bill. It must provide, as forecast in the Budget, for shareholders in unquoted companies to have rollover relief *from* capital *gains tax* when they sell shares to the trustees of an employee share ownership plan (Esop).

There is an anomaly to be put right, for the 1989 legislation on Esops requires all shares held by trustees to be passed on to employees within seven years, yet this year's Budget proposal makes rollover tax *relief available* only if the trustees, as a result of the shares sold to them, hold 10 per cent of the company's ordinary share capital. To allocate 10 per cent to employees in seven years means an average annual allocation of 1.4 per cent of the share capital.

This figure of 1.4 happens to be roughly the Investment Committee guideline limit – which is 1 per cent per annum in new issue shares plus as many old shares as can be purchased with 5 per cent of the profits. However, no more than half the limit is available to executives on a discretionary basis and the remainder, if used, must be available to all service-eligible employees on a similar-terms basis, such as proportional to pay.

As there is a demand from companies for the right to allocate discretionary shares under the Esop legislation, the obvious way to put right the anomaly is for the Government to introduce – or accept – a Finance Bill amendment to the present law requiring all Esop share allocations to be on a similar-terms *basis. Such a* change would allow up to half of each allocation to be on a discretionary basis, provided the remainder was made on a similar-terms basis.

Managers who received large discretionary allocations of shares would, however, as the law stands now, be beneficial owners of those shares. They could immediately leave the company and take the value of the shares with them – though in a private company they could be required to sell the shares back. It is therefore suggested that shares allocated by discretion should be subject to forfeiture on leaving within three years of allocation – except in the compassionate circumstances of death, redundancy, retirement, injury or incapacity. This is currently the case with shares options. It is also common practice in American share plans, including Esops.

Indeed, it would simplify company administration and avoid sell-back problems if all employee shares allocated by an Esop trust were initially *subject to forfeiture on leaving* within three years. The forfeited shares would be reallocated to those who stayed – a popular policy with the stayers.

These proposals, if enacted, would be an acknowledgement that both individual achievement and good teamwork are contributors to business success. They should both be rewarded accordingly.

George Copeman,
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Wider Share Ownership Council,
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94 St Paul's Churchyard, EC4

FOREIGN AFFAIRS

The butcher's bedfellows

Arabs who voice support for Saddam Hussein can do their cause nothing but harm, argues Edward Mortimer

The most depressing item I saw in any newspaper last week was an article by Alan Cowell, the New York Times's Cairo correspondent, entitled "Iraq's Resurging Belligerence".

It was not so much the title that depressed me: this column, in case you haven't noticed, takes the belligerence of Iraq, under its present leadership, pretty well for granted.

It was the subtitle, "Arab Fears Mix With Respect for Big Voice and Big Stick," which conveyed the real message: namely the favourable reaction President Saddam Hussein has elicited in the Arab world by threatening to "consume half of Israel" with chemical weapons in the event of an Israeli attack on Iraq.

Mr Cowell quoted a professor at Jordan University – "Saddam has military, oil and brain power . . . Arabs are ready for a power that can respond to Israel in an era of total collapse, especially after events in Eastern Europe" – and the Jordanian newspaper Ad Dustour: "Hussein awakened the desire in every Arab soul for a glorious Arab stand . . . His combative tone awakened every Arab's longing to respond to his nation's enemies with language not used for a long time."

Well, Jordan is a poor country, uncomfortably sandwiched between Iraq and Israel, with a none-too-friendly Syria next door. Whatever he thinks of his namesake's "brain power," King Hussein has become acutely dependent on Iraqi oil, money and political support.

On the other hand, Jordan is also one of the freer Arab countries – with a reputation for being moderate, sensible and friendly to Britain. Only last month King Hussein tried to obtain Iraqi clemency for the British-based journalist Farzad Bazoft.

In spite (or because) of his failure in this effort, and the subsequent apprehension of Iraqi agents attempting to import triggers for nuclear warheads, the king has defended Saddam Hussein's outburst as an understandable reaction to an "iniquitous campaign."

Besides Jordan, Iraq's other partners in the supposedly moderate Arab Co-operation Council – including Egypt which has a peace treaty and full diplomatic relations with Israel – issued a communiqué endorsing "the right of Iraq or any Arab state to legitimate self-defence" and opposing efforts to single out chemical weapons for restriction.

President Hussein's remarks have also been applauded by newspapers in the Arab states of the Gulf which have much more reason to fear Iraq than to fear Israel; and even, albeit more cautiously, by the press of his bitterest Arab enemy, Syria.

Most depressing of all, to me, are the statements emanating from Palestinian leaders.

Sheikh Abdul-Hamid al-Sayegh, Speaker of the Palestine National Council, hailed President Hussein's "great speech, which reflects his confidence in himself and the strength of the Iraqi army, on which we still pin great hope for liberating Palestine."

Mr Bassam Abu Sharif, political adviser to Yasser Arafat and one of the pioneers of the PLO's peace policy, said the Iraqi leader had "proclaimed the revolt of the Arab nation against limits to its power and heads of the unfortunate Palestinians in the West Bank and Gaza, the devastating Israeli victory of 1967.

Thoughtful Palestinians are certainly well aware that "Palestine", whether that name is taken to include pre-1967 Israel or only the West Bank and Gaza, is never going to be liberated by Iraqi chemical weapons and that if Saddam's grisly threat was ever implemented, Palestinians would perish along with Israelis - in fact probably a much larger proportion of them, since they would not be issued with the protective equipment which Israel now stocks for the benefit of its own population.

They also know that Saddam's regime has as unpleasant a reputation as any on the world stage, both for internal

The West's only hope of containing Saddam's alarming ambitions and denying him the acquisition of yet more destructive military technology must lie in isolating him from his Arab neighbours and allies.

brought to the Palestinian people in *particular* the good news that their struggle could now depend on a new balance of power."

I am sure these statements do not represent the views of all Palestinians.

Many of them, particularly those living under Israeli rule and engaged in the day-to-day struggle (*intifada*) against the *occupying forces, are* well aware that in the past bombastic declarations by Arab leaders have never done them any good and have often been the prelude to fresh disasters.

In the 1960s especially, the Egyptian leader Gamal Abdul Nasser used the escalation of rhetoric and gesture against Israel as a way to raise his prestige in the Arab world and to consolidate his hegemony over other Arab leaders.

In the end he over-reached himself, bringing down on his own head, but above all on the repression and for brazen disregard *of international law*; that by lining up behind him or hailing his leadership the Arabs are reinforcing every negative stereotype that the West entertains about them; and that this in turn is liable to nullify all the recent achievements of Palestinian diplomacy in winning Western sympathy and support for a *compromise peace based on* mutual recognition of the Israeli and Palestinian peoples.

Mr Arafat's meetings with the Pope and with ex-President Carter, and his offers to meet Mr Shimon Peres, will cut little ice while Mr Abu Sharif and Sheikh Abdul-Hamid are applauding Saddam's threats of chemical warfare and looking forward to the "liberation" of Palestine by the Iraqi army.

Arabs who insist on identifying themselves with Saddam Hussein can do their cause nothing but harm. That does not mean they will do the West any good. *On the contrary, the* West's only hope of containing Saddam's alarming ambitions and denying him the acquisition of yet more destructive military technology must lie in isolating him from his Arab neighbours and allies.

What has given him his current undeserved prestige among the Arabs, or at any rate some Arabs, is their need for a psychological boost after what another Palestinian official quoted by Mr Cowell calls "the anti-Arab, anti-Moslem, anti-Palestinian events of recent months."

This is ironic indeed, given that many Moslems (especially but by no means only those of *the Shia persuasion)* regard Saddam Hussein as the most godless and unprincipled of their tormentors.

But it is true. Rightly or wrongly many Arabs feel, as an unprecedented flood of Soviet immigrants arrives in Israel and one east European state after another renews the diplomatic relations severed in 1967, that they no longer have any allies that count in the world, and that America, Israel's chief ally and supporter, is now the supreme and uncontested superpower.

Facts such as last month's doubling of European Community aid to Palestinians in the West Bank and Gaza (while Arab states themselves have *disbursed less than one third* of the aid they pledged at the Algiers summit two years ago, according to the head of the Palestine National Fund) go largely unnoticed.

What is remembered is that Western concern about Arab acquisition of nuclear, chemical or missile technology has never been matched by a similar concern about Israel, although Israel has been careful to keep ahead in all these branches of weaponry, usually acquiring the raw materials and much of the knowhow either licitly or illicitly from Western sources.

Israel must be the only state in the world that has any kind of relations with the US that has never come under pressure to sign, let alone to observe, the Nuclear Non-Proliferation Treaty. Thus it is not surprising that Arab states see Western preoccupation with chemical weapons as one-sided, and argue for "a comprehensive ban on all kinds of weapons of mass destruction."

Only if the West applies its non-proliferation regimes impartially to all states in the Middle East can it hope to dissuade other Arabs from supporting Saddam's *folie de grandeur.*

FINANCIAL TIMES
Tuesday April 10 1990

GREEK ELECTION

Mitsotakis set to form government

By Kerin Hope in Athens

THE GREEK conservative leader, Mr Constantine Mitsotakis, said yesterday that he would form a government with support from a small centre-right party to tackle the country's pressing economic problems.

Mr Mitsotakis, whose New Democracy party won 150 of 300 parliamentary seats in Sunday's election, needs backing from the single Democratic Renewal deputy to win a vote of confidence in the House.

"The urgency of the situation requires an immediate government," Mr Mitsotakis said after patching up relations with Mr Costas Stefanopoulos, an old political rival who heads Democratic Renewal. The new Cabinet will probably be sworn in on Wednesday.

After three elections in less than a year and a series of weak coalition governments, Greece may now be set for a period of political calm.

Mitsotakis: urgent situation

New Democracy boosted its share of the poll to 46.9 per cent, up from 46.2 per cent at last November's election, by winning more votes in Athens and the traditionally left-wing port of Piraeus.

The major loser was Mr Andreas Papandreou, the Socialist former Prime Minister, who still faces possible prosecution on allegations of ordering illegal phone taps and allegedly taking bribes in the $200m Bank of Crete embezzlement scandal.

His hopes of returning to power by forming a coalition with the Communist-led Left Alliance party were dashed when support for the Panhellenic Socialist Movement fell to 38.6 per cent from 40.7 per cent in November.

The Socialists won 127 seats, including four in constituencies where they fielded joint candidates with the Communists. The Left Alliance turned in a stronger-than-expected performance, finishing with 19 seats and 10.3 per cent of the vote, down from 10.9 per cent.

Mr Papandreou, 71, pledged fierce opposition to the conservatives, saying he would "defend in every way the political, economic and social gains made by the Greek people" during his eight years in government.

Two independents representing the increasingly vocal Moslem minority in northern Greece and a Green also won parliamentary seats.

The new Government is expected to introduce an austerity package immediately following a warning from the European Commission that Greece's international credit standing and future status in a unified Europe is at risk.

Hard decisions for Mitsotakis, Page 2

Employers use Tokyo turmoil to limit pay

By Stefan Wagstyl in Tokyo

JAPANESE employers have taken advantage of the turmoil in Tokyo's financial markets to take the sting out of trade union demands in nationwide annual pay talks.

The average increase is expected to be less than 6 per cent: an advance on the 5.14 per cent secured last year, but well short of the 8 per cent to 9 per cent demanded by leading unions at the start of their campaign.

Government policymakers do not believe the likely 6 per cent average increase will fuel inflation. Some private sector economists agree – but others think there is a risk companies may raise prices to cover the increase in payroll costs.

The expected result is seen as a defeat for Rengo, the newly-formed national trade union confederation, which was unable even to secure its final scaled-down demand of a minimum average increase of 6 per cent.

Talks, which have been conducted by individual employers and their company unions in some cases and by industry-wide councils in others, have yet to be completed.

However, most metal workers' unions – grouped in the Japan Council of Metal Workers' Unions – seem certain to accept increases below 6 per cent. Last week, Toyota Motor settled with its workers for 5.93 per cent, and Nissan Motor for 5.9 per cent.

Honda Motor broke the 6 per cent barrier with an offer of 6.17 per cent. But top electrical companies – including Matsushita Electric Industrial, Hitachi, Toshiba, and Mitsubishi Electric – all settled for 5.93 per cent.

Workers at Nippon Telegraph and Telephone, the telecommunications group, secured a 6.37 per cent rise, but they were making up for ground lost last year when they accepted a low increase because of the controversy surrounding NTT over its involvement in the Recruit financial scandal.

Even so, managers made the award only after workers staged a one-hour strike last Thursday – their first in more than five years. Railway workers, who also held a token one-hour strike for the first time in four years, secured a 6.87 per cent increase.

However, trade unions are particularly strong at NTT and the railways, since the degree of bureaucratic control over both industries means they are less exposed to market forces than manufacturing companies. The average figure will be brought down by other groups which settled for well under 6 per cent – including steelworkers who look set to accept 4.7 per cent.

Officials at the Bank of Japan, who are concerned about a possible resurgence in inflation, regard 6 per cent as the maximum acceptable increase. Salomon Brothers, the US investment bank, also believes the increase is broadly in line with recent years, when awards have roughly tracked gains in productivity.

But Mr Paul Summerville, economist at Jardine Fleming, has recently revised upwards his forecast for the expected increase in consumer prices in the financial year which began this month. He now predicts an increase of 3.5 per cent, rather than 3 per cent, partly because he believes productivity gains are slowing. "Increased cost pressures will force Japanese companies to raise prices wherever possible," he said in a recent report.

Much depends on the extent of the likely deceleration in economic growth. Growth is expected to slow partly because the current expansion has continued so long that it is losing steam and partly because higher interest rates will probably cut capital spending.

Japanese private-sector economists have been paring economic growth forecasts for 1990-91 from 4 per cent to 4.2 per cent to 3.7 per cent to 3.9 per cent: Nikko Securities last week lowered its prediction from 4.0 per cent to 3.9 per cent. This compared with 4.6 per cent in the financial year just ended. This may sound like a small difference, but it may be enough to ease the pressure on prices.

Problems loom on E German programme

By David Goodhart in Bonn

EAST GERMANY finally has a grand-coalition Government three weeks after the country's first democratic election. But its programme may cause difficulties in the imminent negotiations with the Bonn Government over economic and currency union.

After last-minute haggling over the distribution of ministerial posts, the Social Democrats agreed to join the dominant centre-right Alliance for Germany grouping and the liberal Free Democrats in a government which will be formally confirmed today.

The Christian Democrats, largest party in the Alliance, will put forward the Prime Minister and take 11 of the 24 Cabinet posts. The Social Democrats will take seven Cabinet posts, the Free Democrats three, and the German Social Union and Democratic Awakening – both part of the Alliance for Germany – will take two and one respectively.

The inclusion of the Social Democrats in the Government, and recent disquiet in East Germany over the conversion rate of the East German Mark, may complicate the economic negotiations between the two states. According to Bonn, the talks should start as soon as possible after April 23 and last for no more than two weeks.

The provisional East Berlin policy agreement spells out potential points of conflict with Bonn. These include an unequivocal commitment to a one-to-one conversion rate for the Mark; five voting seats for East Germany on the Bundesbank central council; the guarantee of most existing property claims in East Germany; and membership of Nato only if it abandons its strategy of forward defence and flexible response.

Less controversial points include the closure of the Greifswald nuclear power plant; abolition of state subsidies and introduction of the D-Mark on July 1; drastic reduction in the size of both German armies and formal recognition of the border with Poland.

The Social Democrats had to abandon their refusal to join a government which included the German Social Union. But they forced the latter down to two posts and reached their own goal of seven, including that of Foreign Minister – which will be held by Mr Markus Meckel, current party chairman – and the Finance and Employment Ministers.

The Christian Democrats will keep the Economics Ministry, but Mr Elmar Pieroth, the former Economics Minister in West Berlin, will not take over the post, as originally planned.

Mr Rainer Eppelmann, founder of Democratic Awakening, will be Defence Minister.

● The spring report of the five main West German economic institutes, published yesterday, predicts that East Germany will provide DM35bn - DM40bn ($20.6bn - $23.6bn) in extra demand for the West German economy in 1991. State aid for East Germany will average about DM20bn a year, but faster economic growth in West Germany in the current year alone will provide DM8.5bn extra in tax revenue. The institutes are against a general one-to-one conversion.

India retains curbs on foreign investment

By David Housego in New Delhi

ANY significant relaxation of India's foreign investment regulations was ruled out yesterday by Mr V.P. Singh, Prime Minister.

Making his first major speech to a business audience since taking office, he said that India would not follow an "open door" policy towards foreign investment and confirmed that the normal ceiling on foreign equity participation in an Indian company would remain at 40 per cent.

But he promised that below that ceiling, investment procedures would be simplified to give foreign companies almost automatic approval.

The Prime Minister's remarks followed strong criticism from Washington last week of India's continuing restrictions on foreign investment and access to the Indian market. Mrs Carla Hills, the US Trade Representative, told an Indian official and business delegation that India should allow a majority holding by foreign companies.

Addressing a conference organised by the World Economic Forum and the Indian Confederation of Engineering Industry, Mr Singh said that the Government would continue to be selective about areas in which foreign investment would be permitted.

"There are some areas in which foreign investment is not necessary but there are large areas where it is welcome," he said, referring to high technology and export industries. The Government is expected to publish a list of areas – such as the soft drinks industry – from which foreign investment will be barred.

The new Administration's stance on foreign investment has caused widespread disappointment among foreign companies because of the expectation that if the Congress Party had continued in power, foreign companies would have been allowed majority holdings as part of a more rapid liberalisation of the economy.

Mr Raymond Barre, the former French Prime Minister who was chairing the conference, also criticised India's restrictive approach and said that India would not keep pace with global industrial changes if it prevented the flow of foreign technology and capital.

Mr Singh indicated that external tariffs would also be reduced – India has among the highest protective industrial tariffs of any large country – but added that that this process would be "gradual" and in line with an improvement in the balance of payments. "We want to exercise industry but not exhaust it," he said.

Thatcher unveils plan to reduce demand for illicit drugs

By Robert Graham in London

A SIX-POINT formula for increased international co-operation to reduce demand for illicit drugs was spelled out yesterday by Mrs Margaret Thatcher, the UK Prime Minister.

Opening a ministerial drug summit in London, sponsored by Britain and the United Nations, Mrs Thatcher also offered £26.5m ($43.5m) over the next three years in drugs-related assistance to developing countries.

This year £4.5m of the funds will be earmarked for the Colombia Government which is locked in a violent conflict with cocaine traffickers. President Virgilio Barco assisted at yesterday's opening to underline his own commitment to combatting the drugs threat.

The summit is being attended by ministers from 112 countries and by Mr Javier Perez de Cuellar, the UN Secretary-General. It is the first high-level conference to address the specific issues of reducing demand for drugs and the threat posed by cocaine.

Mrs Thatcher said: "Our efforts to reduce production of drugs and to prevent traffic in them can never succeed while demand for drugs is still there. Reducing demand may be less dramatic and newsworthy than arresting traffickers. But without customers, the drug traffickers would soon be cut out of business."

Mr Perez de Cuellar said the illicit drugs business was worth some $500bn a year, only exceeded by the arms trade. President Barco urged greater resources be given to the UN to co-ordinate more effectively the anti-drug effort. He criticised the previous approach by the international community with its emphasis on curbing supply. "Facts have shown that strategies geared only to drug production and trafficking are inevitably doomed to failure," he said. In this sense he regarded the conference as "an enormous step forward."

The conference is working on a draft declaration expected to incorporate Mrs Thatcher's proposals to help reduce demand. These include: better education for young people on the "terrible consequences" of drug abuse; high-profile advertising and publicity campaigns that hammer home the anti-drugs message as brutally as that of AIDS; pressure on parents and the community to set better examples in leading children away from drugs; help to users with anti-drugs counselling; more effective rehabilitation programmes to help addicts kick the habit; a firm stand by governments on the evils of drugs.

Mrs Thatcher went out of her way to reject arguments in favour of legalising drug-taking. "I can assure you that our Government will never legalise illicit drugs, hard or soft." This was reiterated by President Barco. It was the first time, however, that the drug legalisation issue had been referred to in this way by national leaders in public.

Other measures expected to be incorporated into the draft declaration concern combatting cocaine. Principal among these are tighter controls on exports of chemicals used in drug production and money laundering.

Underlining the threat posed by cocaine to Europe, Mr Antonio Gava, the Italian Interior Minister, disclosed that seizures of the drug had risen from 1.5 tons in 1986 to 6.3 tons last year.

At an alternative press conference staged yesterday by the International Anti-Prohibition League, spokesmen said drugs were being used as a smokescreen for industrialised governments to conceal their inability to deal with real inner city problems.

THE LEX COLUMN

The perils of a falling yen

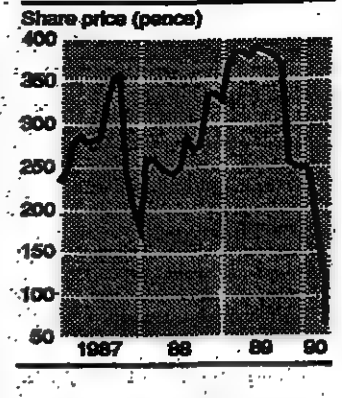
It would be wrong to read much into the initial market reaction to last weekend's Group of Seven meeting. Admittedly, the Japanese stock market has bounced back above the 30,000 level for the first time in more than a week and the yen has stopped falling. But the stresses and strains in the Japanese financial markets remain just as pronounced as before. After the recent dramatic drop in the Japanese equity market, even the hawks at the Bank of Japan must now be very reluctant to give the interest rate screw another twist. However, this seems the only effective response if the yen begins to slide again. The G7 statement did little to change the belief that as long as Japan's financial problems do not spill over into other financial markets, then Japan will be left to sort out its problems on its own.

One has to assume that the world's central bankers and finance ministers are a clever bunch and have thought through the implications of their muted response to Japan's request for help. With the Easter holidays fast approaching it is unlikely that the foreign exchange markets will mount a real challenge to the yen in the short-term; and with the passing of Japan's financial year-end the selling pressures may have peaked for the moment. It seems that the authorities in Japan and overseas are now hoping that they can muddle through until the economic statistics begin to defuse the bearish sentiment in the yen.

However, the Japanese stock market is not going to recover before there is evidence that the currency has turned. Until this happens there remains a very real danger that another collapse in the yen will force a further rise in interest rates which can no longer be ignored by the rest of the world's financial markets. The world is a more dangerous place than it looks.

Rush & Tompkins

Share price (pence)



Rush & Tompkins

There was something alarmingly familiar about the suddenness with which R&T's shares plunged off a cliff yesterday. A mere hint of trouble at any over-stretched property developer is sufficient these days to produce reactions like the halving of R&T's shares to 63p before they were suspended. More worrying still is the fact that in these cases the market's first instincts are so often correct. As regards R&T, a company which only started splashing out aggressively in property in 1986, it is easy to see why investors were spooked.

With group shareholders' funds last April of only £35m, it was running a £750m property development programme via 39 off-balance sheet joint venture companies, rejoicing in such names as Shelfco (No 812). As of its last year end, it was carrying £21m of net borrowings on its own books, and there was at least another £89m in the associates, figures which presumably have ratchetted upwards since, in spite of what looks like a meagre stream of rents to service the debt. Given the apparent bias of its portfolio towards retail and office space, the UK market's most over-supplied areas, it is no surprise that its disposal programme has hit choppy waters.

The difficult thing is to see how a property developer can trade its way out of trouble in market conditions like these. Reading between the lines of R&T's brief profits warning last night, one hazards a guess that it is looking for help from its deep-pocketted 22 per cent shareholder Hochtief, the West German builder. Singapore Land, with another 14.9 per cent of R&T, presumably has its hands full fighting off the hostile bid it received yesterday.

John Mowlem

Although it has nothing like the problems of Rush & Tompkins, John Mowlem is stuck in a rut. Last year's pre-tax profits were 8 per cent lower than in 1988, even before the airport write-off, and the second half decline was 15.5 per cent. Neither this year nor 1991 is expected to see much improvement.

Even though the City airport losses have been provided for in advance, the company will still be a net £4m worse-off at the pre-tax level this year if, as expected, private housebuilding merely breaks even.

The contracting division is the most likely to make up the shortfall. The argument is that large contractors, which still have good order books negotiated at top-of-the-cycle prices, can improve their margins by squeezing the subcontractors, who are currently short of work. But the same pressure will also be applied to Mowlem's UK scaffolding and access service subsidiary SGB, which will do well to maintain profits this year. And by 1991, the commercial development gravy train may be derailed, cancelling out any improvment in private housebuilding profits.

The wild card is, of course, the result of the public inquiry on the airport. If Mowlem fails to get a runway extension, it is hard to see it ever making any money from the site. If the inquiry decides in Mowlem's favour, that might be the spur to strong profits growth in the 1990s; on the other hand, it could be the ideal moment for the construction group to sell and reduce its 50 per cent gearing level.

Leisure

The UK leisure sector is such a mixed bag, ranging from hotels to TV rentals, that it might be rash to generalise on the basis of the £70m agreed bid for Midsummer Leisure. That said, it might be good news for leisure shares generally if European Leisure's all-paper offer quietly fades away. Even before last week's slide in European's shares, the bid looked cheap, at 11 times 1989 earnings; now, on a p/e of less than 9, the price is derisory, and Midsummer's board are quite right to be having their doubts about the whole thing.

The wider point is that the leisure sector's fall from grace is looking overdone. If Midsummer were to be taken over at so low a price, the deal would do nothing to improve sentiment mauled by last week's results from Mecca Leisure. The fact is Midsummer looks a solid enough business, with a relatively low-risk portfolio of discotheques, snooker halls and bars. Conservatively assuming it makes about £11.5m in pre-tax profits this year, its £43m of debt seems no great problem. It is hard to see why it has to be sold now.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Dallas †	Dr	14	57	Madeira	F	17	63	Prague	S	7	45
Algiers	F	17	63	Dublin	C	8	46	Madrid	C	11	52	Reykjavik	F	1	34
Amsterdam	S	7	45	Dubrovnik	C	17	63	Majorca	R	12	54	Rhodes	F	19	66
Athens	F	19	66	Edinburgh	C	8	46	Malaga	F	17	63	Rio de Janeiro		–	–
Bahrain	C	21	70	Faro	F	17	63	Malta	S	22	72	Rome	F	17	63
Barcelona	F	14	57	Florence	F	18	64	Manchester	C	9	48	Salzburg	F	8	46
Belfast	R	8	46	Frankfurt	F	9	48	Melbourne	C	21	70	S'Francisco †	S	8	46
Belgrade	C	6	43	Geneva	C	7	45	Mexico City		–	–	Santiago		–	–
Berlin	S	6	43	Gibraltar	S	15	59	Miami †	R	21	70	Seoul	S	19	66
Biarritz	F	11	52	Glasgow	C	8	46	Milan	R	5	41	Singapore	F	31	88
Birmingham	S	10	50	Guernsey	S	9	48	Montreal †	F	1	34	Stockholm	S	10	50
Blackpool	F	8	46	Helsinki	S	6	43	Moscow	S	5	41	Strasbourg	C	5	41
Bombay		–	–	Hong Kong	C	21	70	Munich	C	5	41	Sydney	R	18	64
Bordeaux	F	11	52	Innsbruck	F	9	48	Nairobi		–	–	Tangier	F	15	59
Boulogne	F	9	48	Inverness	F	10	50	Naples	Dr	17	63	Tel Aviv	S	20	68
Bristol	S	10	50	Isle of Man	R	7	45	Nassau		–	–	Tenerife	F	20	68
Brussels	S	9	48	Istanbul	C	17	63	Newcastle	C	9	48	Tokyo	S	18	64
Buenos Aires		–	–	Jersey	S	10	50	New Delhi	S	29	84	Toronto †	C	6	43
Budapest	S	9	48	Johannesburg	F	23	73	New York †	S	8	46	Tunis	F	24	75
Cairo	S	31	88	Las Palmas	C	19	66	Nice	F	15	59	Valencia	R	13	55
Cape Town	S	22	72	Leeds	C	10	50	Nicosia	F	20	68	Venice	C	10	50
Cardiff	S	8	46	Lisbon	F	16	61	Oporto	S	15	59	Vienna	F	8	46
Chicago †	F	8	46	Locarno	R	9	48	Oslo	S	11	52	Warsaw	S	7	45
Cologne	S	9	48	London	S	10	50	Paris	S	10	50	Washington †	S	6	43
Copenhagen	S	7	45	Los Angeles †	S	13	55	Peking		–	–	Wellington	C	13	55
Corfu	C	18	64	Luxembourg	S	8	46	Perth	R	28	82	Zurich	C	3	37

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Little support for yen

Continued from Page 1

stopped short of specific support for the yen. Japanese efforts to secure large scale joint support for the currency from the other G7 countries failed, apparently because of opposition headed by West Germany.

Mr Paul Chertkow, chief currency strategist at Citibank in London, said that he believed the communique had damaged the image of the G7 co-operation process, since it had revealed the unwillingness to back currency stability with policy action.

All the G7 countries wanted strong currencies to contain inflation, he said, and the group had been unwilling to single out Japan for particular support. There was a feeling that Japan's problems were primarily domestic.

Mr David Morrison of Goldman Sachs called the central bank intervention "lethargic." The markets believed there would be no monetary policy steps to underpin the yen, he said, and he expected it to come under pressure again.

There was a belief among some analysts that intervention might be stepped up if the dollar rallied to Y160. This was one reason why traders were unwilling to push the currency hard.

UK inquiry into phone charges

Continued from Page 1

ning in parallel with an inquiry into whether the ban on using international private circuits to carry public phone calls should be abolished. Such a change could reduce sharply the prices of international calls as private operators leased bulk capacity from the phone companies and sold it on to users at a fraction of the current rate.

In recent months, both the European Commission and the US Federal Communications Commission have shown interest in the activities of the international phone cartel, although neither has taken decisive action.

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COMPANIES & MARKETS
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INSIDE

British brewers trade Vodka for high spirits

Vladivar has lived up to its advertising claims and been a "Vladi good Vodka" for Greenall Whitley and Scottish & Newcastle. The UK brewers yesterday sold the brand for £33m ($54m) to Gallaher, the British subsidiary of the US tobacco group, American Brands. The deal represents "a very good reward" at 25 times earnings for Greenall's efforts in building the brand from scratch, according to one analyst. Philip Rawstorne reports. Page 31

Subdued but profitable

Israel's leading banks were back in the black last year after an undignified lurch into losses in 1988 because of heavy debt provisions. However, a sharp squeeze on interest margins and the continued need to set aside large allowances for bad debts made for a subdued performance overall. The Bank of Israel sees last year's performance as part of a slow recovery from a collapse of bank share prices in 1983. Page 25

Two sides to every coin

While the changes in eastern Europe have brought hope to thousands, they have done little to lift spirits at the Hungarian engineering group, Csepel Auto. Reforms have meant drastic cuts on exports to the Soviet Union, and this has devastated Csepel's production plans. Yet the story is a happier one for Tungsram, fifth in the world lighting market, and 51 per cent-owned by GE, the US group. Judy Dempsey compares prospects for the two groups. Page 25

Swapo turns to agriculture

Independence offers Namibia's livestock industry limited opportunities for growth. Mike Hall reports on Swapo's efforts to correct imbalances in the country's farming sector. Page 32

Open line to UK network

The cast of characters in Europe's telecoms industry could grow significantly in the next decade. As services expand, so the traditional national monopolies will be challenged by a growing number of companies. The challenge is likely to be mounted first in the UK, where the telecoms market is liberalising further and faster than anywhere else in Europe. Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Krafta Werke	340	+	10
Falls			
Degussa	568	−	19
Douglas Hldgs	828	−	17
Karstadt	688	−	10
Linde	985	−	20
Lufthansa	209	−	12.5

NEW YORK ($)

Rises			
Man Hanover	$31\frac{5}{8}$	+	$\frac{1}{2}$
Pepsico	$86\frac{5}{8}$	+	$1\frac{3}{4}$
Telecom USA	$38\frac{1}{8}$	+	$16\frac{1}{8}$
Windmere	$8\frac{1}{8}$	+	$1\frac{1}{8}$
Falls			
Goodyear Tire	$35\frac{3}{4}$	−	$\frac{1}{2}$
UAL	161	−	$2\frac{1}{2}$

PARIS (FFr)

Rises			
BP France	[illegible]	+	8.1
D.M.C	595	+	26
Legrand AD	2050	+	138.8
Falls			
Arjomari-P	2429	−	122.4
Damart SA	3800	−	295.3
Moulinex	130.4	−	6

TOKYO (Yen)

Rises			
Chugaikokogyo	661	+	133
Fujiko	795	+	180
Hodogaya Chem	655	+	138
Marusan	2590	+	480
Toho Acetylene	588	+	110
Topy Inds	735	+	122

LONDON (Pence)

Rises			
BAT	755	+	12
Brit Telecom	268	+	$4\frac{1}{2}$
BTR	417	+	3
Eurodisney	1083	+	15
Highland Elec	88	+	20
Hammerson A	739	+	10
ICI	1095	+	11
Isopad	182	+	12
Land Sec	504	+	7
MEPC	518	+	[illegible]
Rolls Royce	187	+	4
RTZ	549	+	8
Sketchley	272	+	9
Trafalgar Hse	323	+	6
Falls			
Courtney Pope	114	−	5
GUS A	957	−	16
Wellcome	705	−	6

Volvo sees big savings with Renault alliance

By Robert Taylor in Stockholm and William Dawkins in Paris

VOLVO, the Swedish motor group, said yesterday it could expect to make estimated annual savings of SKr800m ($130m) during the next five years as a result of its proposed alliance with Renault, the state-owned French car group.

Volvo's disclosure, in a prospectus on the deal sent to its shareholders, comes as the French Government is putting the final touches to plans to clear the way for the alliance by changing the statutes of Renault.

The Volvo prospectus also argues that within five to 10 years of beginning the alliance, the company could make annual cost savings of up to SKr2bn through pooling resources with Renault in research, product development, component purchasing and marketing.

However, Volvo also disclosed that the full financial benefits of the proposed co-operation would not be reached for five to eight years.

The joint agreement between the two companies must secure the approval of Volvo's annual shareholder meeting to be held in Gothenburg on April 25.

Under the proposed deal, Renault and Volvo are to take 45 per cent stakes in each other's truck operations. Renault will also acquire 25 per cent of the Swedish group's car operations and 10 per cent of the Volvo parent company. Volvo will take a 20 per cent share in the Renault parent company which includes the French group's car operations, with an option to increase this later to 25 per cent.

The Volvo board express their "absolute conviction" that the company has found "the best partner," asserting that both groups will be strengthened financially and industrially to meet international competition.

But many of the company's larger institutional shareholders have so far displayed an apparent lack of enthusiasm for the proposed alliance. Even so, Mr Pehr Gyllenhammar, Volvo's chairman and chief executive, is convinced he will have no difficulty winning their support for the deal, particularly when it has the backing of the French Government.

Through technical and industrial co-operation with Renault, Volvo argues the alliance will ensure the co-ordination of product development programmes in truck manufacture, initially for components. But it would also uphold the distinctive identity of both companies in their trademarks, sales and distribution networks.

Volvo said its pre-tax profit in 1989 would have increased by 19.2 per cent to SKr7.87bn from SKr6.6bn the previous year, if the deal with Renault had been in effect last year. In March, Volvo reported 1989 profit of SKr7.01bn before tax and appropriations from SKr8.24bn in 1988.

Explaining why the Volvo board believes the proposed deal with Renault is so vital to the Swedish group, the prospectus stresses rising costs in the car and truck industries which, it says, would require greater production volumes.

Mr Roger Fauroux, the French industry minister, is due tomorrow to table a plan to change Renault from a state-guaranteed *régie* into an ordinary government-controlled company and allow Volvo to take up to 25 per cent of its voting rights.

'A marriage of convenience': Pehr Gyllenhammer of Volvo (left) and Raymond Levy of Renault are convinced their deal will succeed

This would remove the last trace of the special status held for many years by this symbol of French state-owned industry. Currently, the state holds 100 per cent of Renault's voting rights and 99 per cent of the shares, with 1 per cent reserved for the car-maker's employees.

If adopted by the Council of Ministers tomorrow, the Socialist Government will forward the Renault plan for clearance through the National Assembly later this month.

The change of Renault's status is similar to that tabled by the previous right-wing Government as a condition for a controversial FFr12bn ($2bn) state debt write-off, but shelved later by the current Socialist administration.

MCI buys Telecom USA for $1.25bn

By Roderick Oram in New York

MCI COMMUNICATIONS has agreed to acquire Telecom USA for $1.25bn. The move will strengthen MCI's product range and customer base as it battles against American Telephone and Telegraph in the US long distance market.

MCI is ranked second with 11.5 to 12 per cent of the market, US Sprint third with about 7 per cent and Telecom USA fourth with $1\frac{1}{4}$ to $1\frac{1}{2}$ per cent. Six years after divestiture of its local phone companies, AT&T still has the upper hand in the long distance market where it has close to an 80 per cent share.

Atlanta-based Telecom USA agreed to a $42 a share bid from MCI and the news pushed its shares up $\$16\frac{1}{8}$ to $38 on the New York Stock Exchange.

The purchase price was broadly in line with analysts' estimates of Telecom's value. It is, though, a large multiple of Telecom's 1989 net profits per share of $1.37 – or $36.9m in total on revenues of $713m – and reflects the company's growth potential.

Telecom USA has developed several services MCI lacks. It also has a strong base in small and medium-sized markets for residential and business customers, whereas MCI has concentrated more heavily on big corporate accounts.

It was formed in 1988 by the merger of two regional carriers, SouthernNet of Atlanta and Teleconnect of Cedar Rapids, Iowa.

"It's a pretty good strategic fit for MCI," said Ms Stephanie Georges, an analyst with Gordon Capital in New York.

Telecom USA said its customers would benefit from MCI's greater range of services. The much bigger company offers, for example, a high-speed fax service and international calls. Telecom USA is strictly domestic, routing its customers' overseas calls through MCI on a fee basis.

The Atlanta company should also benefit from MCI's managerial experience, said Ms Georges.

It has suffered some problems handling its rapid growth, particularly late last year when difficulties occurred with separate computer systems inherited from the merger partners. It has since moved to one big system.

Telecom USA has more than 5,000 employees, more than 500,000 customers and its network includes more than 3,000 miles of fibre optic cables. MCI, in contrast, generated $6.5bn of revenues last year and has some 19,500 employees.

French winter sports group warns of steep fall in net profits

By William Dawkins in Paris

SALOMON, the world's largest maker of ski bindings, yesterday warned that its profits would fall steeply in the year ended March 30. This provides further evidence of the winter sports industry's financial difficulties.

The group, based in the French Alpine town of Annecy, estimated that net consolidated profits would fall to between FFr55m ($9.66m) and FFr85m, from the previous year's FFr236.4m, on turnover up by 5 per cent from FFr3.1bn to FFr3.3bn.

Two weeks ago, Groupe Rossignol, the French company which is the world's largest maker of skis, reported its first loss for many years.

Salomon's results were also hit by the decline of the US dollar and the yen, currencies in which it makes 60 per cent of its sales. At constant exchange rates, it estimates that sales would have risen by 7 per cent to FFr3.4bn.

Two-thirds of Salomon's turnover is accounted for by winter sports products. It's sales in this sector fell from FFr2.4bn to FFr2.2bn, and operating income dropped from FFr454m to FFr189m. As well as bindings, Salomon sells boots, and, last December, it launched its first ski. This was into a world market for Alpine skis down from sales of 6.3m pairs in 1988 to an estimated 5.9m pairs last year.

Golf products account for the remaining third of sales. Salomon's US subsidiary, Taylor-Made, is the world's largest producer of wooden-headed clubs, with 15 per cent of the market. It reported strong growth in sales and earnings. Turnover rose from FFr732m to a projected FFr1.1bn, and operating income increased from FFr177m to FFr250m.

● Bongrain, the French cheese producer, said yesterday that net profit after payments to minority interests grew 18.5 per cent to FFr390.6m from FFr344.1m in the previous year, AP-DJ reports.

The company said net consolidated revenue was up 29 per cent to FFr6.48bn from FFr6.59bn in 1989. Bongrain's board has proposed a dividend of 58 francs a share, up 13.7 per cent from 51 francs last year.

Rush & Tompkins requests share suspension and warns of profit fall

By Andrew Taylor, Construction Correspondent

SHARES of Rush & Tompkins, the UK commercial developer and contractor, were suspended yesterday at the company's request amid stock market concern about the company's financial position.

The group warned that pre-tax profits for the year ending March 31 would show a significant fall. Delays in completing sales of buildings had had a severe adverse effect on the group's borrowings, it said.

At one stage yesterday, Rush & Tompkins' share price tumbled to 32p compared with 125p on Friday night. Fourteen months ago its shares were trading at just over £4. The shares had clambered back to 68p by the time of the company's announcement.

The board asked the Stock Exchange to suspend its shares for 48 hours. It said it was reviewing options to stabilise its position. Hochtief, the West German contractor, holds 22.8 per cent of the company, and Singapore Land owns 14.9 per cent.

Rush & Tompkins specialises in joint venture developments of commercial and industrial properties for sale. It restricts its investment in each development to no more than 50 per cent.

Nigel Dunnett, managing director

It made pre-tax profits of £8.32m ($13.64m) during the 12 months to March 31 1989 and £6.12m in the previous year. The last annual accounts showed net borrowings of £20.96m, representing almost 80 per cent of shareholders' funds. This, however, excluded off-balance sheet finance used to fund many of Rush & Tompkins' joint venture developments. According to the accounts, loans to joint ventures, of non recourse and limited recourse bank loans, totalled £89m in March last year.

At the heart of the recent problems has been the slow pace of negotiations to sell several joint venture developments. Mr Nigel Dunnett, the group's managing director, warned in January that high interest rates were making life difficult for the group and that profits for the year would depend on the outcome of these negotiations.

Rush & Tompkins said last night that some of the sales, at least, would be completed in time to be included in profits for the year ending last month. None the less profits were expected to show a significant deterioration compared with the previous year.

● Rush & Tompkins is the second UK construction company in less than a week to ask for its shares to be suspended. Last Tuesday, dealing in shares of Federated Housing were halted after the company's share price fell to 5p from 25p. Federated, a housebuilder operating mainly in north Kent and London, is discussing with its bankers plans to restructure its finances.

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Drug companies seek a cure for legal headache

The case is far from clear on patents for products developed using biotechnology, reports Peter Marsh

Should the courts protect inventors or take steps to help innovators who develop second generation products? This is the overriding issue at stake in the increasingly Byzantine legal tussles involving patents on biotechnology-derived pharmaceuticals.

Drugs made using biotechnology – a set of relatively new techniques involving manipulation of genetic material – account for only about 1 per cent of world medicine sales of some $150bn a year. But the proportion is set to grow as more biotech-derived products work their way through companies' research pipelines.

A problem for many US biotech companies is the ambiguous level of legal protection applying to new drugs which are based on copying proteins found naturally in the human body. This is done by changing the genetic make-up of bacteria or other biological organisms so they produce large quantities of the proteins.

In a landmark decision last week, a jury in Delaware ruled that three US patents covering one such biological product issued to Genentech, a leading US biotech company, had been infringed by two other groups – Wellcome of the UK and Genetics Institute of the US.

The protein is tissue-plasminogen activator (TPA), which has been sold by Genentech for more than two years. TPA is one of the world's best-selling biotech drugs, with revenues in 1989 of almost $200m. Wellcome and Genetics Institute have formed a joint venture to develop a new version of TPA, although the date for launching this second generation product is uncertain.

Genentech, which is being bought for $2.1bn by Roche, the large Swiss pharmaceuticals group, has not attempted to argue that Wellcome and Genetics Institute have developed an identical TPA molecule.

While the Genentech version is essentially the same as that found in humans, the forms developed by Wellcome and Genetics Institute have small structural modifications to a highly-complex protein chain.

The Genentech case rested, rather, on whether the Wellcome/Genetics Institute version is biochemically equivalent to its own. This concerns whether the molecules behave in the body in a similar way and also to arguments over the processes by which they are made.

The Delaware jury, in agreeing with Genentech, produced a verdict that the judge in charge of the case now must either ratify or reverse within the next month. Whatever he decides, the loser is expected to appeal. Not surprisingly, the jury's decision has provoked contrasting reactions. Mr Paul Berghoff, a patent lawyer who acted for Genentech in the Delaware case, said yesterday: "This sends a strong signal in the US that the (biotechnology) innovator will be rewarded."

Mr Berghoff, a partner in Allegretti & Witcoff, a Chicago-based law firm, added that the differences in the Wellcome/Genetics Institute forms of TPA were "biologically insignificant and irrelevant." From a viewpoint of patient therapy, the differences "do not matter," he said.

Mr Bruce Eisen, chief patent counsel at Genetics Institute, said the jury in the case had been "confused." He expected the judge to reverse the verdict.

Mr Eisen added: "If the judgment is allowed to stand, it would be a very bad decision for society. It would send a message saying that companies are not going to be allowed to improve on versions of biotechnology molecules which have already been made." That, said Mr Eisen, would hold up medical advances.

The decision related to the TPA dispute might influence other court judgments in the US concerned with biotech patents. There are at least 20 such cases pending in the US.

From a global viewpoint, the decision is difficult to assess. Last year a UK court decided against Genentech on the same issue. The court told the Wellcome/Genetics Institute partnership that it had not infringed the relevant British patents on TPA.

Mr Jonathan Gelles, a drugs industry analyst at Wertheim Schroder, a New York bank, said yesterday the difference in judgment was "curious" and left the biotech industry in a state of confusion. Another interpretation came from Mr Watson Scott, a patents expert at Cushman, Darby & Cushman, a legal company in Washington DC. He said the UK patent had been more broadly drafted and so it was less surprising that the judge had ruled against Genentech.

In terms of wider implications, many observers believe the legal questions related to biotech patents are so difficult that companies will increasingly rely on out-of-court agreements. The philosophy behind this idea might not please US lawyers, who are making a rich living from the patent disputes, but it would probably help the development of the biotech industry.

Bekaert to raise pay-out despite fall in profits

By David Buchan in Brussels

BEKAERT, the Belgian wire and steel cord maker, yesterday announced it would propose to raise its dividend this year to BFr300 ($8.55), from BFr280 last year, despite a fall in profit from 1988 to 1989.

The company said the dividend increase on common shares reflected its confidence that heavy investments, a burden on last year's profitability, would soon start paying off and that market conditions would improve. Net consolidated results of the Bekaert group last year were BFr3.66bn, down from a record BFr4bn in 1988.

Mr Karel Vinck, Bekaert's chief executive, said that order books of his US subsidiaries were now improving from cutbacks last autumn in the US car and buildings sectors. He also hoped that the Brazilian government's shock liquidity squeeze that had reduced Bekaert's Brazil plant to using only one tenth of its capacity would soon be over.

Bekaert which is the world's largest maker of wire and steel cord, heavily used in the car industry, also announced that it was buying 40 per cent of Bremen, a Spanish maker of fibre composite materials based in Vizcaya.

B&W to return to Copenhagen Stock Exchange

By Hilary Barnes in Copenhagen

BURMEISTER & Wain Holding, which owns the B&W Copenhagen shipyard, is planning a comeback to the Copenhagen Stock Exchange almost a decade after the shipyard was declared bankrupt in 1981.

A listing will also be sought in Oslo when an issue of 500,000 shares with a face value of DKr100 ($15.4) is made this spring. It will increase total share capital to DKr160m.

The shipyard, which was never closed, specialises in energy-economising bulk and product carriers.

Banque Privée advances 20% to SFr20.2m net

By William Dullforce in Geneva

BANQUE PRIVEE Edmond de Rothschild, the Geneva-based bank controlled by Baron Edmond de Rothschild, has posted a 1989 net profit of SFr20.2m ($13.5m), representing an advance of 20 per cent over the 1988 result.

It proposes to raise its shareholders' dividend from SFr100 to SFr120 per registered and bearer share, making a total pay-out of SFr10.8m against SFr9m in 1988.

Net earnings per share were SFr224.20 against SFr186.60 in the previous year. The dividend represents a yield of 2.3 per cent on the price of the bearer share at the end of the year on the Geneva and Zurich stock exchanges.

The bank has also published for the first time a consolidated profit-and-loss account, incorporating subsidiaries of which it owns half or more.

Banque Privée's results alone no longer reflected its true growth, Mr Jean-Pierre Rosfelder, president, said. At the consolidated level net earnings grew by 28 per cent to SFr24.9m in 1989.

At the end of the year the bank showed total assets of SFr1.3bn, up by more than 12 per cent, while shareholders' capital had advanced from SFr175m to SFr184m. Its market capitalisation was SFr433m against SFr430m a year earlier.

Mr Rosfelder said the bank had experienced an excellent year, especially in the growth of the volume of funds under management, although he gave no figures. More than 95 per cent of the capital managed belongs to private clients.

During 1989 Banque Privée became the second foreign enterprise to obtain an offshore banking licence on the island of Mauritius, which it regards as a marketing base for Southern and Eastern Africa and clients from Taiwan and Hong Kong.

It entered a co-operation agreement with Mercapital, a merchant and private banking group in Madrid, under which each partner acquired a 5 per cent holding in the other, and it set up together with Rothschild Bank AG in Zurich a new banking subsidiary.

Market unease threatens bid by European Leisure

By Andrew Bolger in London

CITY unease about high borrowings and forced disposals in the leisure sector is threatening the proposed takeover by European Leisure, the UK nightclub and theme bars group, of Midsummer Leisure, the pub, disco and snooker club operator.

Last week European Leisure made a recommended all-paper offer worth £89m ($145.9m) for Midsummer. It was irrevocably accepted by the directors of Midsummer, who speak for 15.1 per cent of the equity.

European Leisure's shares have since fallen sharply and its offer now values Midsummer at £75m. At last night's close of European Leisure shares at 64p, up 4p, the bid is worth 142p for each Midsummer share, against 168p after the bid was launched on April 2. Last night Midsummer shares closed unchanged at 129p.

The directors of Midsummer said yesterday that because of the present level of the European Leisure share price, they were unable to make a firm recommendation to shareholders and strongly advised them to take no action, while the board made a further evaluation of the position.

The Midsummer board said it still believed the offer by European Leisure provided an attractive opportunity for Midsummer shareholders to participate in the benefits of combining the activities and management expertise of both companies.

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NEWS IN BRIEF

CanPac hit by delays in exports

PROFITS OF Canadian Pacific, the Montreal-based conglomerate, will this year fall short of the C$745.2m ($642.4m) in 1989 because of delays in export grain shipments to the Soviet Union and China, and poor newsprint markets, says Mr William Stinson, chairman, writes Robert Gibbens in Montreal.

CP Rail's cost performance continued to improve, he told analysts, but Canada had been slow to follow up big US wheat deals with the main importers. CP Forest Products would be among the first to benefit from an upturn in pulp and paper because of greater efficiency.

■ RWE, a large West German energy concern, has received approval from the West German Cartel Office to purchase a 10 per cent stake in Hochtief from Commerzbank AP-DJ reports. RWE said the decision would enable the energy concern to boost its stake in Hochtief, a construction company, to 56 per cent.

In February, Commerzbank said it was negotiating with RWE to sell it the 10 per cent stake. No financial details were released, but based on Hochtief's market value of DM6bn, the 10 per cent stake has a value of about DM600m.

■ Schering, the big West German pharmaceuticals and chemicals group, said its worldwide group sales rose 6 per cent in the first two months of 1990 to DM1.095bn.

The company added that for the current year, it expects group sales to rise 5 per cent, "given the exchange rate situation." Sales totaled DM5.85bn in 1989.

Schering last year posted net profit of DM225m, a 43 per cent rise from a year earlier.

■ Van Leer, the Dutch packaging materials manufacturer, said 1989 net profit rose 18 per cent to Fl 87m from Fl 74m in 1988. The company will pay Fl 30m dividend to the Bernard Van Leer Foundation, up from Fl 26m guilders in the year earlier. Turnover rose 15.8 per cent to Fl 3.14bn guilders from Fl 2.71bn with core operations of industrial containers and closures accounting for 60 per cent of sales.

Price may not be right in Singapore property battle

Joyce Quek on UIC's S$2.7bn offer for Singland

An audacious takeover bid by Singapore's United Industrial Corporation (UIC) conglomerate for Singapore Land, a leading local property group, has brought UIC to prominence for the second time in a month.

At S$2.7bn (US$1.44bn), the value of UIC's bid is more than double its own market capitalisation of S$1.2bn and pits Mr Oei Hong-Leong, its managing director, in a battle of wits against Mr SP Tao, Singland chairman.

The move is even more notable because it comes just weeks after UIC was forced on to the defensive by an unfavourable ruling from the Singapore Inland Revenue on its substantial extraordinary earnings. Late last month it announced that it had been assessed, and was contesting, arguably the largest tax bill ever for a Singapore-based company.

UIC has lined up Citicorp Investment Bank to arrange financing for the Singland bid, but some market observers wonder if his offer is one that is made to be refused – pitched low enough to achieve his aim of gaining board control while minimising the cost.

A bid became compulsory after UIC last week bought shares, at between S$14.60 and S$15, and exercised warrants taking its stake to 26.6 per cent, beyond the 25 per cent trigger level. The offer of S$15 a share is 20 cents above the pre-suspension price of Singland.

The attack was made "considering the strategic value of Singland and the positive commercial outlook for the commercial office and shopping space in Singapore," UIC said.

It comes during a weak market for the property company, which has some 3m sq ft of some of the choicest office space in the republic including Shell Tower, Clifford Centre and Shing Kwan House in the central business district, as well as the twin towers of the Gateway development on its fringe, intended to become the Singapore equivalent of Hong Kong's prestige Exchange Square.

Singland also has a 32 per cent stake in Marina Square, a shopping complex which houses three first-class hotels, the up-market Arcadia apartments, and holdings in hotels in Thailand and China.

UIC startled its shareholders last month with the revelation that the Inland Revenue Department was declaring taxable the extraordinary profits it had made on the sale of properties, with a bill for S$102.7m. The company has engaged a Queen's Counsel and refused to provide for the potential tax liability on legal advice that it had a strong defence. The case is expected to drag on for several years.

The group has diverse interests, having started out as a detergent manufacturer but now embracing computer systems, property, hotels, commodity trading, pig farming, and shipping. In the past few years it has become principally known for its property deals.

Based on Mr Oei's dictum that "everything we buy is for the long term, until the price is right," UIC has acquired the tag of asset trader for its wide array of investment deals. The local stock market has been dazzled by its forays into various ventures and subsequent disposals at a tidy profit.

Two years ago, UIC bought the Paragon shopping complex, a prime site along Singapore's main shopping thoroughfare. A year later, Mr Oei sold it and an adjacent property to Sogo, the Japanese retail chain, for S$690m to reap a S$286.6m profit.

The group's extraordinary profits on property sales have dwarfed its trading activities. In 1988, extraordinary gains of S$58m overshadowed group pre-tax profits of $16.72m from all its other operations. Last year, extraordinary gains were S$293.7m against pre-tax profits of $18.5m.

Mr Tao's family holdings of 20.2 per cent in Singland until last Friday formed the largest block, and enabled him to control the group for the past 17 years. He will now have to find a way of countering Mr Oei.

Philips monopolised US shaver market court rules

PHILIPS, the Dutch electrical group, has been hit by a $29.8m judgment that could cost the company $90m in treble damages after a jury in a US District Court in Miami decided the company had monopolised the electric shaver market in the US, AP-DJ reports.

Philips denies that it monopolised the electric shaver market and will appeal against the decision, according to a spokesman.

The original complaint against Philips was filed by Windmere of the US in 1984.

The jury reached its verdict on Friday, and Windmere said the award will be tripled under the ruling from the US court.

In its suit, Windmere maintained that in 1986 Philips drove it out of the three-head rotary shaver market by offering 35 per cent to 40 per cent discounts on old models of its Norelco shaver, underselling Windmere by between 25 per cent and 30 per cent.

Philip Morris in Turkish deal

PHILIP MORRIS, the US tobacco group, has reached agreement with two Turkish partners, the Sabanci Holding Group and state monopoly Tekel, on the Turkish production of its brands, writes Jim Bodgener in Ankara.

A new joint venture, to be called Philsa Tütün, will have capital of $100m and will invest $200m in the project near Izmir on the Aegean coast.

The new company will produce and market Marlboro, Chesterfield, Parliament and other Philip Morris brands.

Keppel to buy control of bank for S$253m

By Joyce Quek in Singapore

KEPPEL, the state-linked Singaporean group, has become the island's first industrial enterprise to gain control of a local bank, agreeing to take over Asia Commercial Banking (ACB) from several parties including Overseas Union Bank, one of the Big Four banking groups.

Keppel is paying S$253m (US$135.2m) for their stake, representing 61.4 per cent of the equity and 73.8 per cent of ACB loan stock, and will make a full bid. The acquisition has the approval of the Monetary Authority of Singapore and is the first banking takeover in Singapore since 1988 when United Overseas Bank absorbed Industrial & Commercial Bank.

Keppel intends to strengthen ACB's capital base and prepare the bank for a listing on the Stock Exchange of Singapore within the next few years, Mr Teo Soon-Hoe, Keppel's group finance director, said yesterday.

He said that the acquisition was in line with Keppel's strategy to expand its financial services business. The group owns four financial institutions – Keppel Insurance, Keppel Securities, Keppel Factors and the listed Keppel Finance. It has eight listed companies in the group, including two in the Philippines.

In the early 1980s, Keppel was stopped from acquiring control of ACB as well as a small US bank. At that time, such ambitions were not considered as part of its core businesses, which had been identified as shipbuilding and repairing. The group went into loss during the 1985 recession but, with a change of management, has since prospered.

Analysts speculate that the change in official attitude towards bank ownership is due to the confidence in the successful leadership of Mr Sim Kee-Boon, the ex-civil service head who was appointed chairman by the Government to steer the group out of trouble.

Terms are S$3.30 for each ordinary share and S$1.83 for the each unsecured convertible loan stock.

INTERNATIONAL COMPANIES AND FINANCE

Barometer for a changing climate

Judy Dempsey finds many western eyes on two Hungarian companies

The fate of two long-established Hungarian companies will be watched closely by western investors as both respond to their country's changing economic and political climate.

The two companies, Tungsram, the giant lighting manufacturer, and Csepel Auto, the large engineering plant which supplies parts for the Ikarus bus company, serve as a useful barometer since they both epitomise the successes and failures of Hungary's past economic policies. Both were founded more than a century ago in Budapest but pursued radically different paths after the communist takeover in 1947.

Tungsram, which pioneered the tungsten filament incandescent lamp and the krypton lamp, ranks fifth in the world lighting market. It always managed to look westwards, thanks to subsidiaries in Europe and worldwide.

It was helped by escaping full nationalisation because the State reckoned that its foreign subsidiaries might then be confiscated by western partners.

Csepel Auto had no such advantages. Located on Csepel Island, once a vast, thriving heavy industrial centre on the Pest side of Budapest but now visibly decaying, Csepel Auto was sucked quickly into Comecon, the Soviet trading organisation.

Now, over 40 years later, Tungsram is in the hands of General Electric (GE), the US group, while Csepel Auto is starved of funds, unable to export to the Soviet market, owed money from its suppliers and has put some of its workforce on paid holiday leave.

The fate of both companies was decided within six months of each other.

Last year, Girozentrale, the Vienna-based bank, headed a consortium of western banks that bought 49.65 per cent of Tungsram. But soon afterwards, the Hungarian Credit Bank bought back all the shares, gained full control of the remaining 50.35 per cent and then sold 51 per cent of the total shares to GE for $150m.

"It was a natural fit for us," says Mr Gyorgy Varga, the Hungarian-born senior GE executive who has now returned to Hungary to supervise the restructuring of Tungsram.

"Although GE is number two in the world, we have no strong presence in eastern or western Europe. Tungsram has an established market base here. We also hope to enter the Soviet market via Tungsram."

At present, GE's annual sales to western Europe total $70m, while Tungsram's turnover in convertible sales last year exceeded $110m. Mr Varga had other considerations in mind. Tungsram's labour costs are between 15 and 20 per cent below international costs.

But marrying Tungsram with GE will require considerable restructuring. Mr Varga says the 17,500 workforce "is too much," adding that the administrative staff is the biggest burden.

This has led GE into adopting a "soft programme" through encouraging early retirement and imposing a freeze on recruitment which has already reduced the workforce by 2,000.

There is also the difficulties of introducing large scale computerisation, automation, which will be introduced in the near future, and management skills. Five US managers will soon arrive at Tungsram to carry out what Mr Varga terms "a mentality change in work practices."

The Hungarian authorities have no qualms about restructuring, particularly since GE agreed in the takeover contract to double its exports in Europe over the next five years, invest $50m until 1994 and create a world class lighting research centre in Hungary. In short, Tungsram's future looks secure.

At the other end of Budapest, the atmosphere at Csepel Auto is pessimistic.

In an attempt to cut back Hungary's Rouble 100bn ($60bn) trade surplus with the Soviet Union, the Hungarian Government effectively banned exports to the USSR. The management at Csepel Auto was stunned.

"On January 18, we got a phone call from the Ministry of Trade," says Mr Gabor Lukacsi, the general director of Csepel Auto. "We were told that Ikarus, the bus manufacturer could only export 4,600 instead of the annual 7,000 buses to the Soviet Union."

Over the past 20 years, Ikarus has exported 100,000 buses to the Soviet market while Csepel Auto was annually producing 14,000 chassis as well as synchronised gear boxes, the majority for Ikarus.

But the government decision meant that Csepel Auto soon found itself caught in a vicious circle.

Because Ikarus's exports have been sharply reduced, it now owes over Forints 1.2bn ($18.4m) for equipment supplied by Csepel Auto.

In turn, Csepel Auto owes Forints 400m to Raba, the large lorry and engineering enterprise which supplies parts to Csepel Auto. Raba cannot supply to Csepel Auto until Csepel Auto pays Raba and until Ikarus pays Csepel Auto.

The upshot is that Mr Lukacsi has been forced to place 2,300 of the 7,200 employees on paid holiday leave.

This has already had a spin-off effect in those industries which directly or indirectly supply Ikarus.

Ikarus's Budapest factory has laid off 1,200; Raba has laid off 1,000; Csepel Auto will lay off about 600. According to Heti Vilaggazdasag, the economics weekly, the crisis threatens another 10,000 because more than 200 companies supply Ikarus, Raba and Csepel Auto.

"What can we do? We were told by the Industry Ministry to solve our own problems," explains Mr Lukacsi who appears bitter about the whole experience. He has few options.

Since the Government is committed to reducing the trade surplus with the Soviet Union, he will have to rationalise the workforce. This will mean a freeze on employment, early retirement and finding new jobs for that workforce section which is superfluous.

Mr Lukacsi reckons he could try exporting more to the West. To do that, Csepel Auto needs new technology to meet such standards but at the moment there is no capital available for modernisation.

"The upshot is that we never had to really look to the world market because we had a guaranteed Soviet market. Between 70 and 80 per cent of our production was earmarked for the Rouble countries. It was a great mistake that Comecon did not mix a market economy with a planned economy," explains Mr Lukacsi.

Much depends on Ikarus's next move. It is at present holding talks with Mercedes on the supply of components, while DAF and Renault are anxious to break into the Soviet market via Ikarus. If these negotiations develop into contracts or joint ventures, Csepel Auto's prospects may improve. But Mr Lukacsi has knows the coming months and years will be difficult for all concerned.

NV Philips has signed a letter of intent to form a joint venture with Polam-Pila, the Polish leading lamp manufacturer, AP-DJ reports. Under the terms of the venture, Philips will take a stake in the Polish concern of at least 50 per cent and it will also have the option of acquiring the rest of the company.

Financial terms of the joint venture have not been finalised. Negotiations between Philips and Polam-Pila are expected to be concluded by October.

Under the joint venture, Philips and Polam-Pila will manufacture lighting products in Poland to be sold under the Polam-Pila brand name. Philips will also manufacture lighting products under its own brand name and sell imports of Philips products in Poland.

Philips said the venture will reinforce Polam-Pila's leading position in the Polish lighting market by adding new products and modernizing the company's production facilities.

Top Israeli banks inch back into profit

By Hugh Carnegy in Jerusalem

ISRAEL'S leading banks emerged last year back in profit after an undignified lurch into losses in 1988 because of heavy debt provisions. However, a sharp squeeze on interest margins and the continued need to set aside large allowances for bad debts made for a subdued performance overall.

This year, the Government is due to start selling off its majority holdings in four of the five top banks acquired at high cost to rescue them from a share price collapse in 1983. The present operators, having agreed to dismantle the preferential voting system that left them in charge, will have to compete with outside bidders to stay in control.

"Under the circumstances, I'm satisfied," said Mr David Friedman, chief executive of Bank Leumi, which is run by the Jewish Colonial Trust, after his bank posted the biggest net profit of Shk153.8m ($77.6m). This followed a marginal Shk0.25m loss in 1988. His comment was typical of managers at the other main banks.

The last to report, Bank Mizrahi, controlled by the Mizrahi zionist organisation, announced an inflation-adjusted net profit of Shk8.9m after a Shk22.3m loss the previous year. Bank Hapoalim, the financial flagship of the Histadrut trade union federation and Israel's biggest bank in asset terms, turned around from a net loss of Shk64m in 1988 to a profit of Shk90m.

The other two of Israel's five largest groups, Israel Discount Bank (controlled by the Recanati family) and First International Bank (not part of the Government sale), less exposed to loan losses, stayed in profit in 1988 but were unable to improve last year.

A common feature was a contraction in credits to the public as a general stagnation in the Israeli economy took its toll, coupled with a drop in interest income caused by a fall in interest rates on the banks' traditional main source of profits, non-index linked shekel credits, forced on them by the Bank of Israel.

The banks are therefore looking to increase their non-financing activities. Bank Hapoalim reported an 11 per cent rise in income from these operations. But they chafe at continuing government restrictions on activities abroad.

Bank Hapoalim again led the way in bad debt provisions, setting aside more than Shk800m. The top five banks together made allowances of Shk1.6bn, down sharply from the record levels of 1988, but still accounting for more than 2 per cent of total lending.

Return on capital, although also much improved on 1988, was held back as a result, ranging from a low of 1.93 per cent at Bank Mizrahi, up to 6.7 per cent at Bank Leumi and 7.8 per cent at First International.

The Bank of Israel sees last year's performance as part of a slow recovery process that started with the collapse of the bank share prices in 1983. Real wages were about constant in 1989, but the central bank is still looking for more cost savings, in spite of the fact that banks have cut their labour force by 25 per cent and branch networks by a tenth over the past few years.

INTERNATIONAL COMPANIES AND FINANCE

Eastern Air asks court to allow $80m withdrawal

By Karen Zagor in New York

EASTERN Air Lines, the beleaguered US airline which has been under pressure from increasingly restive creditors, yesterday asked the bankruptcy court to approve a $80m quarterly withdrawal from its escrow accounts.

Although the company has dipped into its escrow accounts on several occasions, this would be its single biggest withdrawal. It said it had asked for a lump sum of cash to cover second-quarter operations through June 30 and payments to creditors to "avoid further repetition of the doomsday scenario which enemies of the reorganisation have attempted to create each time Eastern makes a request for cash."

The Miami-based company, which is an operating subsidiary of Mr Frank Lorenzo's Texas Air, also denied rumours that it was considering liquidation. "Liquidation is clearly not in the best interest of any group involved in the bankruptcy – particularly the unsecured creditors who would end up with very little in a liquidation," it said.

However, the airline said it might need more cash if such rumours continue to damage bookings.

Eastern's unsecured creditors lost patience last week when they were asked to accept a repayment offer of about 25 cents on the dollar, compared with a previous tentative agreement of about 50 cents.

They rejected the offer and asked the bankruptcy court to appoint a trustee to run the business and possibly to sell off its assets.

Unix and OSF merger talks founder

By Louise Kehoe in San Francisco

TALKS BETWEEN two significant computer industry groups, battling over efforts to establish a single computer operating system standard based upon AT&T's Unix, have ended in failure.

Unix International, a group of about 50 computer manufacturers and software developers, failed to reach a merger agreement with the Open Software Foundation, whose members include IBM, Digital Equipment and Hewlett-Packard.

The talks were expected to lead to joint equity participation in AT&T's Unix Software Operation, which AT&T had indicated it was willing to spin off. The goal was to establish industry-wide standards for "open systems" allowing computers to share software and data.

Yesterday, the groups said in a joint statement that "a full organisational merger involving the Unix Software Operation could not be practically achieved at this time."

Separately, members of OSF reaffirmed their commitment to the group and promised additional financial support.

UK telecoms face a US challenge

Charles Leadbeater on an expanding telecommunications industry

Britons eat vast numbers of McDonald's hamburgers, they drive Ford cars, sit goggle-eyed in front of Dallas and run up huge debts using American Express.

Is there any reason why in the future British telephone users should not subscribe to a service provided by a US telecommunications company?

The cast of characters in Europe's telecommunications industry could expand significantly in the next decade. As the range of services extend from basic voice communication over the public network to cable television, information services and personal, mobile telecommunications, so the dominant position of the traditional national monopolies will be challenged by a growing number of companies.

The challenge is likely to be mounted first in the UK, where the telecoms market is liberalising further and faster than anywhere else in Europe. It was partly in response to this growing challenge that British Telecom recently unveiled plans for a far-reaching overhaul of its management.

Near the head of the challenge will be US telecoms groups, the regional Baby Bell companies created by the break-up in 1984 of AT&T and others such as GTE, which handles lighting and precision materials as well as telecoms.

Developments in their domestic markets are pushing US companies towards Europe. But they are also being drawn by its potential.

Mr F. Duane Ackerman, vice chairman of BellSouth, one of the largest regional companies which covers the south-eastern US, said: "We cannot be strong as a regional domestic operator, unless we are involved in the world industry. Technology is moving so fast that we have to be abreast of the latest developments wherever they take place." The stress on internationalisation as the foundation for technological development, improved customer service and the innovation of new products signals a new stage in the US industry.

Mr Ackerman believes the Baby Bells have confounded their critics who argued that they would not survive in competitive conditions after the break up of AT&T. With that challenge behind them they are looking for new opportunities for growth.

Pressure is mounting for reform of the US regulatory regime. The Bell companies are issuing dire warnings that unless they are allowed to get closer to manufacturers the US will become dangerously dependent on foreign technology. For GTE the priority is to be allowed to carry cable television over their network.

However, unlike other sectors such as US airlines, where deregulation has given way to reconcentration through acquisitions and mergers, Mr Ackerman believes there are no pressures for a reconsolidation of the regional Bell companies.

International expansion will be the main way to increase revenues.

In some areas US companies have developed an expertise which they want to exploit in new markets. GTE for instance integrates the mobile telecom networks in the US and provides a clearing house for bills.

Mr Charles R Lee, GTE's president and chief operating officer, foresees the need for such a service in Europe to allow a West German businessman to make calls on his mobile phone from Brussels or London without having to subscribe to the local service. However, parts of the European market are likely to develop faster than in the US, so involvement in Europe might give the successful US company an edge at home.

One example is the possibility that telephone operators should be allowed to carry cable television and entertainment services to recoup the heavy investment in installing fibre optic networks.

GTE has just started an expensive trial of different networks in Cerritos in California, which is intended as a showcase to illustrate how it would run a range of services over a modernised fibre optic network. But experience in the UK, where PacTel, a Baby Bell, has already invested in East London Telecommunications, a cable company, would also help. Mr Lee, said: "There is a more liberal approach to telephone operators becoming involved in cable here, that interests us."

The British Government's review of the telecoms market, which is to start in November, will examine whether BT should be allowed to carry television over its network.

But the US groups are not looking for grand alliances.

US telecom companies have made acquisitions in the UK. Most recently AT&T bought Istel, the system house spun off from the Rover car group, and three Baby Bells, Nynex, the regional operator in the north eastern US, and Bell Atlantic, as well as BellSouth, are leading contenders to buy Hoskyns, the computer services company being sold by GEC and Siemens after their takeover of Plessey.

Yet it is likely much looser relationships will be the norm for several years. Mr Lee said: "This is still a very nationalistic industry. Restrictions on foreign ownership of the telecommunications infrastructure will remain for a long time."

The industry is littered with acquisitions which went wrong, such as BT's purchase of Mitel in Canada, he said.

The pace of change also favours looser arrangements. Mr Ackerman said: "With technology moving so fast you do not want to get locked in. You need to be able to draw on a range of expertise which is often beyond a single company. The regulatory regime also needs to settle down before corporate relationships can be cemented."

The US groups favour operating in the sort of consortia which will run personal communications networks from the mid-1990s. Last year PacTel and US West, another Baby Bell, entered the UK market through successful consortia led by British Aerospace and STC.

It is not yet clear whether these loose alliances and consortia will have a long life or whether they are merely transitional, a staging post before more permanent links are formed which could in turn pave the way for international concentration in the industry.

Mr Ackerman said: "If there was heavy investment you would want tighter management control. But heavy investment will only come if foreigners are allowed to operate parts of public networks."

Mr Ackerman optimistically stresses BellSouth wants to exploit its traditional skills in network management as well as in cellular and cable television services. It is no longer inconceivable that a company such as BellSouth could run a UK telephone service, but it is still a long way off.

Abbott maintains growth in earnings with 14% rise

By Martin Dickson in New York

ABBOTT Laboratories, the Chicago-based pharmaceuticals and healthcare company involved in a legal battle with its recently ousted chairman, maintained its strong growth record in the first quarter of 1990, reporting a 13.6 per cent rise in net earnings.

Earnings totalled $225m, against $198m in the same period of 1989, on sales up 11 per cent at $1.44bn, giving earnings per share of $1.02, up 15.9 per cent from 88 cents a year ago. The figures were in line with market expectations.

The company is involved in an unusual wrangle with Mr Robert Schoellhorn, its long-time chairman, who was recently ousted by the Abbott's board. Mr Schoellhorn refused to go quietly and has taken legal action to get himself reinstated or damages for breach of contract.

Last Friday, the company urged the court to dismiss what it called a "cry of wounded vanity."

During the first quarter the company's sales of pharmaceuticals and nutritional products rose nearly 12 per cent to $760m, while hospital and laboratory products sales were up 10.2 per cent at $678m.

Goodyear profit warning

GOODYEAR Tire & Rubber, the world's largest tyre manufacturer, said it would report a drop in first-quarter profits, due partly to severe price competition in the North American and European markets and lower sales to car producers, writes Martin Dickson.

Yesterday's warning at the company's annual meeting, depressed the Goodyear share price, which dropped $⅜ to $35⅜ in morning trading on the New York Stock Exchange.

The company also blamed a "sizeable drop" in profits from Brazil and said the quarter would also suffer a loss of about 50 cents a share on the company's oil pipeline between California and Texas, which was not included in operations in the first quarter of last year.

Mr Tom Barrett, chairman and chief executive, did not specify the size of the drop but said subsequent profits would improve significantly. In the first quarter of last year Goodyear earned $94.5m or $1.64 a share on sales of $2.64bn.

INTERNATIONAL CAPITAL MARKETS

Japanese unveil seductive offer for Mata Hari hotel

By Laura Raun in Amsterdam

SELLING Mata Hari back to the Dutch might be one way of putting it. Buying good karma might be another. Saison of Japan and Scandinavian Airlines System, its partner in the hotel business, are buying the Hotel des Indes, the legendary Hague hotel where the famous Mata Hari spied for Germany during the First World War.

Saison, a privately-held group involved in retail trade and finance in Japan and leisure and real estate abroad, is paying Fl 37.5m ($19.6m) for the 77-room des Indes, where the Dutch spy seduced her victims, and which now belongs to Bass's Crest Hotels.

The historic des Indes will be combined with six or seven other prestigious European hotels in a company worth about Fl 1bn and partially spun off to investors in Europe, particularly Dutch, German, Swiss and British ones, Saison announced yesterday.

By widening the ownership in Europe, Saison hopes to soften the anti-Japanese sentiment provoked by Japan's real estate buying spree in Europe and the rest of the world.

Saison is paying about 20 times pre-tax earnings for the des Indes, which is the third jewel in its Dutch crown. The other two are the Amstel Hotel, a grand hotel overlooking the Amstel River, and the American Hotel, an art deco landmark and Mata Hari's choice for her wedding night.

"Saison's strategy in establishing this new grouping is to share the ownership of these hotels with leading European investors whilst retaining its major ownership participation in their economic future, and ongoing management control through Inter-Continental Hotels Corporation," explained Mr H. John van Praag, managing director of Saison.

The Inter-Continental Hotel chain was acquired in 1988 by Saison Overseas Holding, which is 60 per cent Japanese and 40 per cent Scandinavian, for $2.27bn.

Mr van Praag said the Saison "securitisation" deal was unique but predicted the concept would grow in popularity because of the need for economies of scale.

Between 30 per cent and 40 per cent of the new hotel group will be placed with institutional and individual investors and the remaining 60 per cent to 70 per cent will stay in Saison's hands.

The new company may be publicly listed, depending on the shareholders and the market, explained Mr John Cutts, director of corporate finance for Samuel Montagu, which is involved in the deal.

Securitisation will "keep the balance sheet healthy" by raising capital but avoiding outside management which has hurt others, added Mr van Praag. Saison operates in 48 countries with $30bn turnover.

Growth in LDC bonds predicted

By Deborah Hargreaves

THE market in less developed country (LDC) bonds could grow to a value size of $80bn by the end of the year and reach $250bn in two to three years' time, according to research by Salomon Brothers, the brokerage house.

Few investors are aware of this market, yet the bonds can offer cash-flow yields of between 13 and 20 per cent, Salomon says in a report.

Syndicated loans often trade at a discount because developing countries make sporadic payments on them, but country bonds have been serviced regularly, the report says.

"Many market participants fail to recognise the distinction between sovereign loans and sovereign bonds. Until they do, yields on these bonds will continue to be high. Early investors can lock in some very high spreads."

Bonds from Brazil yield as much as 22 per cent. The country has more than $70bn in outstanding bank loans and is currently in arrears on interest payments, but it has not defaulted on a bond payment.

Yield spreads are expected to tighten over the next three years as demand for bonds increases and developing countries begin to buy back bonds as economies improve.

Developing country sovereign bonds: opportunity in a new asset class by John Purcell, Dirk Damrau and Mark Franklin.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 9

US DOLLAR STRAIGHTS | YEN STRAIGHTS | OTHER STRAIGHTS | FLOATING RATE NOTES | CONVERTIBLE BONDS | DEUTSCHE MARK STRAIGHTS | SWISS FRANC STRAIGHTS

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Chg. week	Yield
B.M.W.Fin.Neth. 5 13	150	†73	75	0	−1	7.38
Britannia B/S. 4¼ 94	100	†87	89	+1⅛	+2⅛	7.72
CIR. Int. W/W 3 93	125	†84	84¼	0	−0⅛	8.77
Credit Lyonnais 4¾ 00	100	†78½	79½	−0½	+0¼	7.82
E.I.B 4⅝ 98	150	†82	82½	−0⅜	+0¼	7.61
Finn. Exp. Cd. 6¼ 92	75	†97⅞	98	+1⅝	+1⅝	9.20
Fletcher Chall. 4⅞ 98	150	†75	75½	+0⅛	0	9.41
I.A.D.B. 6 2004	200	†87¼	87¾	+0¼	+0¼	7.49
Kobe City 4⅜ 98	150	†82	82½	−0¼	−0⅝	7.59
Leeds Perm. B/S. 4⅛ 93	200	†87¼	88	0	+0⅛	8.99
Malaysia 5¼ 98	100	†85	86	0	+1⅜	7.68
Maxwell Comm.Crp. 5 95	150	†81	82½	+0¼	−0½	9.62
Nat. Bk. Hungary 5½ 94	75	†82½	83½	−0¼	−1	10.22
Nationwide Ang.B/S. 4 93	200	†87	87¼	+0¼	+0¼	8.79
Prov. Newfoundland 5 03	150	†78½	79½	−0½	−0½	7.50
Thailand 4⅝ 95	200	†85	87	0	0	7.98
World Bank 5 03	150	†81	81¼	+0⅛	+1½	7.25

Average price change... On day +0⅛ on week +0¼

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Bank Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Flemming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; State Bank of Victoria; Swiss Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, April 9, 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	60.5367	35.7980	38.4317
Albania (Lek)	10.1030	6.1622	3.6440	3.9121
Algeria (Dinar)	13.12	8.0024	4.7321	5.0803
Andorra (Fr Fr)	9.3125	5.6800	3.3588	3.6060
(Sp Peseta)	175.75	107.1973	63.3904	68.0542
Angola (Kwanza)	49.86	29.9180	17.9801	19.3030
Antigua (E Carr $)	4.4280	2.7008	1.5971	1.7146
Argentina (Austral)	7864.25	4796.7368	2836.5195	3045.2081
Aruba (Florin)	2.9365	1.7904	1.0587	1.1366
Australia (Aus $)	2.1400	1.3052	0.7718	0.8286
Austria (Schilling)	19.505	11.8969	7.0351	7.5527
Azores (Port Escudo)	244.80	149.3138	88.2957	94.7918
Gabon (CFA Fr)	465.62	284.0012	167.9422	180.2981
Gambia (Dalasi)	13.6500	8.3257	4.9233	5.2855
Germany East (Ostmark)	2.7725	1.6910	1	1.0735
Germany West (D Mark)	2.7725	1.6910	1	1.0735
Ghana (Cedi)	510.05	311.1009	183.9675	197.5024
Gibraltar (Gib £)	1.00	0.6099	0.3606	0.3872
Greece (Drachma)	267.85	163.3729	96.6095	103.7173
Greenland (Danish Krone)	10.5900	6.4592	3.8196	4.1006
Grenada (E Carr $)	4.4280	2.7008	1.5971	1.7146
Guadaloupe (Local Fr)	9.3125	5.6800	3.3588	3.6060
Guam (US $)	1.6395	1	0.5913	0.6348
Guatemala (Quetzal)	6.4320	3.9231	2.3199	2.4906
Guinea (Fr)	492.00	300.0914	177.4571	190.5130
Pakistan (Pak. Rupee)	34.80	21.2259	12.5518	13.4753
Panama (Balboa)	1.6395	1	0.5913	0.6348
Papua New Guinea (Kina)	1.5965	0.9737	0.5758	0.6181
Paraguay (Guarani)	1993.10	1215.6755	718.8818	771.7715
Peru (Inti)	21005.30	12812.0158	7576.3029	8133.7076
Philippines (Peso)	35.70	21.7749	12.8764	13.8238
Pitcairn Is (£ Sterling)	1.00	0.6099	0.3606	0.3872
(NZ $)	2.7795	1.6953	1.0025	1.0762
Poland (Zloty)	15443.00	9419.3351	5570.0631	5979.8644
Portugal (Escudo)	244.80	149.3138	88.2957	94.7918
Puerto Rico (US $)	1.6395	1	0.5913	0.6348
Falkland Is (Falk £)	1.00	0.6099	0.3606	0.3872
Faroe Is (Danish Kroner)	10.5900	6.4592	3.8196	4.1006
Fiji Is (Fiji $)	2.5165	1.5349	0.9076	0.9744
Finland (Markka)	6.5478	3.9937	2.3616	2.5354
France (Fr)	9.3125	5.6800	3.3588	3.6060
Fr. Cty/Africa (CFA Fr)	465.62	284.0012	167.9422	180.2981
Fr. Guiana (Local Fr)	9.3125	5.6800	3.3588	3.6060
Fr. Pacific Is (CFP Fr)	168.00	102.4702	60.5951	65.0532
Namibia (S A Rand)	[illegible]	2.6468	1.5651	1.6803
Nauru Is (Australian $)	2.1400	1.3052	0.7718	0.8286
Nepal (Nepalese Rupee)	46.5760	28.4086	16.7992	18.0352
Netherlands (Guilder)	3.1225	1.9045	1.1262	1.2090
N'nd Antilles (A/Guilder)	2.9355u	1.7900	1.0587	1.1366
New Zealand (NZ $)	2.7795	1.6953	1.0025	1.0762
Nicaragua (Cordoba)	65768.00	40114.6691	23721.5509	25466.7957
Niger Rep (CFA Fr)	465.62	284.0012	167.9422	180.2981
Nigeria (Naira)	12.9230	[illegible]	4.6611	5.0040
Norway (Nor. Krone)	10.7425	6.5523	3.8746	4.1597
Oman (Rial Omani)	0.6315	0.3851	0.2277	0.2445
Virgin Is-British (US $)	1.6395	1	0.5913	0.6348
Virgin Is-US (US $)	1.6395	1	0.5913	0.6348
Western Samoa (Tala)	3.7400	2.2811	1.3489	1.4482
Yemen (Rial)	19.4015	11.8337	6.9978	7.5126
Yemen PDR (Dinar)	0.5575u	0.3400	0.2010	0.2158
Yugoslavia (Dinar)	19.5005	11.8941	7.0335	7.5510
Zaire Rep (Zaire)	835.90	509.8505	301.4968	323.6786
Zambia (Kwacha)	64.35	39.2497	23.2100	24.9177
Zimbabwe ($)	3.9525	2.4107	1.4256	1.5304

Special Drawing Rights April 6, 1990 United Kingdom £0.793481 United States $1.29996 Germany West D Mark 2.20551 Japan Yen204.744 European Currency Unit Rates April 9, 1990 United Kingdom £0.737667 United States $1.21014 Germany West D Mark 2.04635 Japan Yen189.932

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate, (t) Tourist rate (u) Currencies fixed against the US Dollar; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, April 9, 1990.

World Bank Y45bn issue likely to be benchmark

By Norma Cohen

THE World Bank yesterday tapped the Eurobond markets in yen with an issue likely to become a benchmark for the currency in that maturity.

The issue, a five year Y45bn security, carries a coupon of 7¼ per cent and is priced at 101⅜ to yield 7.31 per cent when sold at a discount equal to its full 1⅝ per cent fees. Lead manager IBJ International was quoting the deal well inside fees at less 1.47 per cent bid.

The issue was described as generously priced by co-lead managers, who had to make do *with relatively small allot*ments of Y1.5bn apiece, while co-managers had allotments of Y1bn each. The distribution left IBJ with some Y28bn of bonds to place.

While the issue was admired, dealers were left to speculate on the swap behind the issue. Given the yield on the bonds, a swap into floating rate dollars would have produced a funding level of only eight basis points below Libor – certainly a *higher level of funding* than the World Bank is accustomed *to accepting. IBJ declined to* discuss the swap, referring inquiries to the World Bank.

Also in yen was a floating-rate note for the Council of Europe Resettlement Fund. The 10-year securities, lead managed by Daiwa Europe, pay interest at 40 basis points under Japanese *long*-term prime rate – 7.9 per cent.

Meanwhile, Rank Organisation yesterday announced its intention to buy back up to 100 per cent of its £50m Eurosterling bonds issued in July 1988.

Dealers said Samuel Montagu's handling of yesterday's *buy-back appeared to have* been done with minimal disruption and was generally well received.

The announcement appeared on the Stock Exchange's Topic screen, and offered, over the next three days, to buy back all the company's stock at a price of 80.85 per cent, a premium over Friday's closing level of 77¾ to 78¼.

Dealers said the price represented a yield pickup of 175 *basis points over the 9 per cent* gilts due 2008, a reasonable *rate of return. Late in the day,* Samuel Montagu said it had bought back £32.78m of stock. Further purchases are expected today.

However, while Montagu's approach to the buy-back appeared to work well dealers cautioned the method may not *be as effective for other issues.*

For instance, had the bonds been placed with a more international investor base – or a greater number of small retail investors – a simple notification on the Topic screen might have failed to reach a large minority of investors who *would have then been unable* to tender their bonds. This would have left those investors holding illiquid bonds.

In Switzerland, the European Investment Bank launched a privately placed SFr150m 10-year note offering a coupon of 7¼ per cent and priced at 101⅝. JP Morgan Securities was lead manager, winning what was described at "cutthroat" competition for the mandate. The deal was said to be *trading around its fees to co*-managers at less 1¼ per cent.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
World Bank(a)◆	45bn	7¼	101⅜	1995	1⅝/1⅜	IBJ International
Council of Europe(b)‡◆	10bn	-40bp	100	2000	25/15bp	Daiwa Europe
Skopbank★★◆	5bn	7.55	101⅜	1993	1⅜/⅞	Mitsui Trust Int.
SWISS FRANCS						
EIB(a)★★◆	150	7½	101⅝	2000	2/1⅞	J.P. Morgan Secs.(Switz)
US DOLLARS						
Dai-Ichi Kangyo Australia(c)◆	50	(c)	102	2000	2/1¼	DKB International
C.I. Finance (Holland)◆	30	9½	101⅛	1994	1⅝/1⅜	IBJ International

★★Private placement. ‡Floating rate notes. ◆Final terms. a) Non-callable. b) Coupon pays 40bp under Japanese long-term prime rate. Put April 1997 at 100. Call April 1991 at 100.20 and thereafter annually at par. c) Coupon pays 33bp over 6-month Libor first four years, 10% fixed thereafter. One call only May 1994.

Euroclear expands service

By Norma Cohen

EUROCLEAR, the international clearing and settlement organisation, said it is *has opened a share lending* scheme for German equities, its first such service for the equities market. It had previously offered safekeeping and settlement services for German equities. Until now, Euroclear has concentrated on offering clearing, settlement, borrowing and lending services for debt instruments only.

It intends eventually to offer similar services for Japanese, Dutch and French equities. A spokesman for Euroclear said *the firm had no plans to offer* stock lending services for US or UK equities where there are already efficient well-established systems to handle the business.

Euroclear said the new equities lending service will be modelled on its bond lending operations, and lenders of stock will have access to Euroclear's existing borrower base.

They will also receive a guaranteed rate of return on loaned securities and related *income and rights.* Securities will be loaned from a central pool of equities according to a predetermined set of rules that ensures all lenders are treated equally.

Meanwhile, participants in the stock lending program will have to obtain a fully collateralised line of credit from Morgan Guaranty Trust Co, Euroclear's parent company.

Swiss franc junk 'has high chance of default'

By Stephen Fidler, Euromarkets Correspondent

THE SWISS franc foreign bond market contains proportionately more junk bonds than the Eurobond market, and the *likelihood of default on those* bonds is high, according to a report published yesterday by Moody's Investors Service.

It says that 3.8 per cent of Swiss franc foreign bonds are rated below the minimum investment grade of Ba1, while less than 2 per cent of the Eurobond market defined as speculative or junk issues.

Moody's says three bonds – issued by Coleco, Southmark and *Rothschild Holdings* – are already in default and the probability of default on the remaining junk is likely to be high.

The study points out that poor liquidity in the Swiss franc bond market – due to high transaction costs, a lack *of price transparency* and passive buy-and-hold investment strategies – means investors are more at risk if the credit rating of the bonds is downgraded.

"Changes in credit quality can have a more severe impact on the risk exposure of the *investor*, because he may not be able to move his position," it says.

Moody's rates 34 bond issues with a face value of SFr4.1bn as below investment grade, slightly under 4 per cent of all the listed foreign bonds in Switzerland and nearly 5 per cent of the SFr610m of Swiss issues rated by Moody's.

The report concludes that the 32 per cent of bonds which are not rated contain a higher proportion of junk and the Swiss private placement market, where most bonds are unlisted, contains the highest proportion of speculative grade debt.

Some 66 per cent of the junk bonds are from US companies *and 24 per cent are UK compa*nies.

About 40 per cent of them are so-called "fallen angels", all of which were issued by US companies and were once investment grade but which have been downgraded.

Gilts hit by signal of higher inflation

By Deborah Hargreaves in London and Janet Bush in New York

THE UK Government bond market suffered a sell-off yesterday when March producer price figures defied market pro*jections pointing* to a worse outlook for inflation than the market had hoped.

The producer price index rose 0.7 per cent indicating a figure for the full year of 5.6 per cent – the highest rise in prices for five years.

GOVERNMENT BONDS

At the same time, so-called input prices for raw materials rose 1.4 per cent in March after a 1 per cent drop in February.

About a *quarter of the* rise in producer prices reflects an increase in excise duties. These figures frightened away what little buying interest had returned to gilts and the market remains cautious of the release of retail price index and average earnings figures on Thursday.

In addition, all European bond markets are in a slowdown this week ahead of the Easter holiday.

The UK benchmark 11¾ per cent 2003-07 gilt closed at 98.18 yesterday after a previous decline to close at 99.02 on Friday. Sterling saw a steady day yesterday with the Bank of England's trade-weighted index down to 87.4 from Friday's 87.5.

■ US TREASURY bonds drifted lower yesterday in light dealings as traders went moderately short ahead of this week's substantial new supply which includes today's $3.5bn sale of 40-year Resolution Funding Corporation bonds.

In late trading, short-dated maturities were quoted around ⅛ point lower while the Treasury's benchmark long bond was quoted ⅛ point lower to yield 8.54 per cent. Prices hardly moved all day.

Other new supply this week includes includes yesterday's $16.4bn sale of three-month and six-month bills, much higher than the normal weekly bill auctions as Refcorp steps up its bail-out of troubled thrifts and raises working capital, and a $7.5bn auction of seven-year bonds tomorrow. Both bill auctions appeared to go well yesterday.

There is not expected to be much demand for the 40-year Refcorp auction until the bonds are trading in the secondary market and can be stripped. Dealers were expecting to take most of the issue and drove prices a little lower before the auction.

The currency market gave little new direction to Treasuries yesterday. After its weekend meeting, the Group of Seven industrialised nations came out with rather a wishy-washy statement saying that the yen's recent weakness had "undesirable consequences" for world economic adjustment. The dollar did weaken a little in the fact of some symbolic central bank intervention in Japan and Europe but started moving higher in the US, prompting dollar sales by the US Federal Reserve. In late trading, it had rebounded markedly to stand near *its highs of the day at* Y158.35 compared with an earlier low of Y155.70.

There was also some disappointment in the Treasury market yesterday that there had not been a more obvious positive response to last Friday's March employment figures, which showed a rise of only 26,000 in the non-farm payroll.

The reason that the market did not rally on the figures, however, was a worrying 4 per cent jump in average hourly earnings, suggesting that inflation remains a stubborn problem.

■ THE German Government bond market was subdued yesterday after a sharp decline in prices on Friday when investors sold their holdings in advance of the G-7 meeting over the weekend.

Traders tried several times to push the futures contract lower, *but it bounced back in a* thin market to close not much changed on the day.

The benchmark 7¾ per cent 2000 bund was fixed much lower yesterday morning at 94.30 from Friday's close of 95.20 with a yield of 8.62 per cent from a previous level of 8.43 per cent. *Later, the futures* prices recovered for largely technical reasons to close at 82.69 from Friday's level of 82.70.

With some longer-maturity German bonds already yielding over 9 per cent, a little buying interest has been found in the market which will provide some support in the run-up to Easter.

■ THE French market was quiet yesterday as traders assessed the tight spreads against Germany which are now down to 110 basis points. *The market is in a bit of a lull* after its recent rapid rise although there are few signs that any correction is due.

■ TOKYO traders appeared more confident about the message from the G-7 meeting over the weekend than many of their *counterparts around the* world. The benchmark Japanese Government bond was stronger in Tokyo to yield 7.20 per cent. Bond prices weakened in London trading *to* yield 7.22 per cent as the yen was slightly weaker against the dollar in spite of central bank intervention.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-07	-06/32	13.24	13.36	13.48
		10.500	5/99	89-30	-10/32	12.35	12.42	12.46
		9.000	10/08	81-28	-14/32	11.38	11.40	11.41
US TREASURY *		8.500	02/00	99-12	00/32	8.59	8.63	8.63
		8.500	02/20	99-12	-02/32	8.55	8.61	8.61
JAPAN	No 119	4.800	6/99	86.7636	+0.433	7.19	7.31	7.18
	No 2	5.700	3/07	88.2787	+0.269	7.24	7.30	6.90
GERMANY		7.125	12/99	89.9300	-0.700	8.69	8.34	8.88
FRANCE	BTAN	9.000	02/95	96.1498	-0.144	10.02	10.05	10.62
	OAT	8.500	03/00	93.0100	-0.430	9.62	9.50	10.17
CANADA *		9.250	12/99	86.6500	-0.650	11.58	11.23	10.80
NETHERLANDS		7.750	01/00	92.1400	-1.040	8.98	8.62	9.12
AUSTRALIA		12.000	7/99	92.4665	+0.001	13.43	13.58	13.30

London closing, *denotes New York closing
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Salomon acquires Drexel's junk database

By Janet Bush in New York

SALOMON Brothers, the Wall Street securities house, said yesterday it had bought, on an exclusive basis, the integrated software and database informa*tion system of Drexel Burnham* Lambert's high-yield bond department.

Neither company would give any idea of the price paid, however, Drexel Burnham said the bid from Salomon was the highest of 15 received, both on an exclusive and non-exclusive basis.

Drexel said it had contacted 26 companies, including the larger securities houses, about *selling the database* which contains information on more than 3,000 public and private high-yield bonds.

Mr Mark Field, managing director in charge of high-yield sales at Salomon Brothers, said: "Every major Wall Street firm was interested in acquiring this system and database and it says quite a lot about Salomon's interest in the high-yield business that we submit*ted the best bid.*"

He said the dominance of junk bond underwriting by Drexel Burnham as the market was built up meant that Drexel's database contained information hard to find elsewhere.

"The database is extraordinarily useful for private placements but there is also important information on public issues," Mr Field added.

The software will allow sales, trading and research staff in the high-yield area on-line success to securities descriptions, price histories and research as well as integrated sorting and reporting capabilities.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday April 9 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Apr 6 Index No.	Thu Apr 5 Index No.	Wed Apr 4 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (201)	847.47	+0.2	13.76	5.31	8.85	10.96	845.45	850.00	844.49	915.27
2	Building Materials (27)	1041.43	+0.5	15.24	5.57	8.16	5.50	1036.49	1035.49	1024.01	1167.56
3	Contracting, Construction (37)	1375.45	-0.5	17.82	5.87	7.33	16.02	1381.93	1386.45	1382.92	1676.11
4	Electricals (10)	2422.84	-1.3	12.06	5.52	10.25	39.14	2454.43	2464.67	2453.79	2592.42
5	Electronics (29)	1771.65	+0.3	10.22	4.18	12.69	17.31	1766.74	1782.49	1765.25	2032.83
6	Engineering-Aerospace (8)	436.40	+1.1	15.33	5.29	8.03	7.69	431.58	434.84	430.49	0.00
7	Engineering-General (43)	464.80	-0.2	12.21	5.37	9.87	7.42	465.81	467.01	467.01	0.00
8	Metals and Metal Forming (6)	478.93	......	24.57	6.51	4.59	0.53	479.14	483.51	475.45	329.29
9	Motors (16)	347.50	-0.4	15.25	6.48	7.69	8.43	348.78	348.43	346.57	302.00
10	Other Industrial Materials (25)	1558.00	+0.8	11.50	5.10	10.13	28.02	1546.36	1561.25	1557.50	1510.25
21	CONSUMER GROUP (176)	1208.23	-0.2	9.04	4.07	12.68	9.21	1210.25	1219.00	1215.12	1149.98
22	Brewers and Distillers (21)	1400.64	-0.7	10.36	3.93	11.92	12.53	1410.91	1418.63	1416.40	1251.18
25	Food Manufacturing (20)	1055.43	-0.3	10.52	4.45	11.83	14.80	1058.46	1059.57	1051.50	999.38
26	Food Retailing (16)	2241.72	+0.9	9.27	3.41	13.99	7.94	2221.20	2232.91	2208.53	1989.73
27	Health and Household (13)	2516.53	-0.3	7.18	2.76	16.63	17.07	2522.92	2554.42	2553.91	2207.46
29	Leisure (31)	1363.40	+0.1	10.51	4.52	11.75	9.24	1361.84	1374.22	1370.34	1562.99
31	Packaging & Paper (13)	565.64	-1.4	12.80	5.74	9.70	10.38	573.65	574.05	574.95	559.93
32	Publishing & Printing (16)	3238.89	-0.4	10.44	5.51	12.12	37.24	3252.89	3252.85	3260.43	3557.26
34	Stores (34)	739.15	......	11.89	5.08	10.91	1.89	738.69	747.47	744.77	739.15
35	Textiles (12)	488.81	-0.2	13.67	7.27	9.21	0.59	489.95	491.75	493.98	504.63
40	OTHER GROUPS (108)	1128.95	+0.6	11.06	5.07	10.82	8.58	1122.48	1133.58	1131.54	1041.43
41	Agencies (17)	1601.56	+0.3	5.65	2.41	21.78	12.33	1597.22	1622.10	1628.96	1251.79
42	Chemicals (23)	1191.42	+0.4	11.93	5.53	9.80	23.59	1186.34	1197.94	1197.84	1193.24
43	Conglomerates (14)	1596.46	+0.1	10.14	6.12	11.69	8.69	1594.90	1608.74	1595.02	1469.11
44	Transport (13)	2167.60	-0.6	11.21	4.59	11.33	25.71	2181.49	2206.12	2198.10	2331.42
46	Telephone Networks(2)	1110.44	+1.5	11.43	4.62	11.37	0.00	1093.70	1108.60	1106.21	1081.73
47	Water(10)	1886.02	-0.1	10.48	7.18	5.99	0.00	1887.74	1913.08	1928.23	0.00
48	Miscellaneous (26)	1824.13	+1.1	10.37	4.72	10.80	18.48	1803.66	1806.77	1805.47	1434.45
49	INDUSTRIAL GROUP (482)	1106.93	+0.2	11.20	4.69	10.92	9.88	1105.07	1113.49	1109.53	1079.05
51	Oil & Gas (18)	2264.28	+0.8	10.97	5.33	12.02	35.53	2247.26	2261.49	2263.82	1929.84
59	500 SHARE INDEX (500)	1203.38	+0.3	11.16	4.78	11.06	11.91	1200.35	1209.28	1205.77	1151.34
61	FINANCIAL GROUP (111)	801.82	-0.2	–	5.65	–	17.48	803.82	808.63	806.24	726.53
62	Banks (9)	870.30	+0.1	19.21	6.14	6.78	24.14	869.10	879.44	878.36	716.77
65	Insurance (Life) (7)	1283.66	-1.7	–	5.72	–	34.46	1306.21	1310.32	1303.43	1044.68
66	Insurance (Composite) (7)	642.86	-2.1	–	6.43	–	19.43	656.48	664.98	656.53	585.10
67	Insurance (Brokers) (7)	1035.17	+0.3	7.92	6.29	16.77	26.30	1031.71	1029.79	1030.90	928.14
68	Merchant Banks (7)	457.33	-0.1	–	4.17	–	4.85	457.65	458.87	461.59	326.86
69	Property (49)	1150.98	+1.3	7.92	3.79	16.01	5.62	1144.54	1135.47	1135.20	1285.69
70	Other Financial (25)	315.46	-0.3	14.64	7.06	8.91	4.09	316.54	318.34	318.48	362.29
71	Investment Trusts (67)	1138.33	+0.5	–	3.32	–	8.95	1133.00	1137.60	1137.37	1078.52
91	Overseas Traders (5)	1340.25	-0.8	9.86	6.81	12.24	42.87	1351.61	1360.01	1358.70	1367.58
99	ALL-SHARE INDEX (683)	1105.03	+0.2	–	4.88	–	13.04	1103.10	1110.93	1107.80	1048.43

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Year ago
FT-SE 100 SHARE INDEX‡	2227.7	+6.6	2227.9	2218.8	2221.1	2239.5	2231.6	2240.7	2221.6	2025.0

FIXED INTEREST

	PRICE INDICES	Mon Apr 9	Day's change %	Fri Apr 6	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.30	-0.06	113.37	–	3.69
2	5-15 years	118.63	-0.25	119.31	0.39	3.39
3	Over 15 years	121.17	-0.55	121.84	–	4.16
4	Irredeemables	140.92	-0.32	141.37	–	1.51
5	All stocks	118.76	-0.23	119.23	0.20	3.63
	Index-Linked					
6	Up to 5 years	141.34	+0.11	141.74	0.55	1.49
7	Over 5 years	133.80	+0.06	133.72	–	1.05
8	All stocks	134.26	+0.06	134.21	0.04	1.09
9	Debentures & Loans	95.35	+0.65	94.84	0.10	3.12
10	Preference	74.49	-0.09	74.70	0.15	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Mon Apr 9	Fri Apr 6	Year ago (approx.)
	British Government				
1	Low	5 years	11.68	11.62	9.68
2	Coupons	15 years	11.21	11.12	9.30
3		25 years	11.10	11.01	9.17
4	Medium	5 years	12.76	12.71	10.75
5	Coupons	15 years	11.67	11.60	9.73
6		25 years	11.25	11.18	9.32
7	High	5 years	12.88	12.83	10.87
8	Coupons	15 years	11.97	11.90	9.95
9		25 years	11.50	11.43	9.50
10	Irredeemables†		11.09	11.05	9.21
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.44	4.47	3.61
12	Inflation rate 5%	Over 5 yrs.	4.09	4.09	3.59
13	Inflation rate 10%	Up to 5 yrs.	3.50	3.52	2.74
14	Inflation rate 10%	Over 5 yrs.	3.92	3.92	3.43
15	Debs &	5 years	16.15	15.56	12.22
16	Loans	15 years	14.40	14.39	11.70
17		25 years	13.67	13.70	11.19
18	Preference†		12.42	12.34	10.12

‡Opening index 2222.1; 9 am 2222.4; 10 am 2225.9; 11 am 2226.3; Noon 2225.1; 1 pm 2225.0; 2 pm 2225.2; 3 pm 2223.1; 4 pm 2227.5; 4.10 pm 2227.5; (a) 9.25am (b) 8.46am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	76	5
Corporations, Dominion and Foreign Bonds	1	8	19
Industrials	432	336	823
Financial and Properties	231	113	382
Oils	32	16	43
Plantations	2	2	6
Mines	61	12	84
Others	81	59	107
Totals	857	622	1,469

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	–	128	116	ASI Leisure 10p	116	+2	R4.7	3.3	5.3	7.7
§14	F.P.	–	17½	15	§ADG Group 5p	17		R0.5	3.7	3.9	5.7
–	F.P.	–	206	200	Argos 10p	205½	+2½	L5.5	3.0	3.6	10.0
–	F.P.	–	266	251	Courtaulds Textiles	260	+2	W11.6	2.4	5.9	9.0
–	F.P.	–	4¼	¼	Cornwell Group Wrnts.	¼		–	–	–	–
§§48	P.P.	5/4	47	45	◆Dakota Group Ir25p	45		u§4.6%	4.0	2.4	10.9
‡	F.P.	–	140	132	F & C Germany Inv. Tst.	133	-3	–	–	–	–
–	F.P.	–	64	56	Do. Warrants	56	-2	–	–	–	–
§100	F.P.	–	97	88	First Ireland Inv. 10p	90		–	–	–	–
–	F.P.	–	32	26	Do. Warrants	28	-2	–	–	–	–
–	F.P.	–	46	36	First Philipne. Inv. Tst.	38	+2	–	–	–	–
–	F.P.	–	22	12	Do. Warrants	13	+1	–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrnts.	11		–	–	–	–
100	F.P.	–	94	92	Henderson Highland Tst.	91	-1	13.25	–	7.6	–
–	F.P.	–	28	25	Do. Warrants	25		–	–	–	–
§100	F.P.	–	£66	£63	Hungarian Investment Ir.	£64		–	–	–	–
§100	F.P.	–	108	106	OS Hldgs. 10p	108	+1	L3.75	2.1	4.7	11.8
§100	F.P.	–	99	95	Siam Select. Growth Tst.	99	+1	–	–	–	–
–	F.P.	–	33	30	Do. Warrants	33		–	–	–	–
§§10.5	F.P.	–	641	565	South East Asian Wrnts Ir.	565	-10	–	–	–	–
§155	F.P.	–	158	151	Torday & Carlisle 5p	151		L4.25	2.1	5.5	8.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	Nil	–	1pm	½pm	§Bluebird Toys 12pc Cv. Uns. Ln. 2005	½pm	+½
–	F.P.	–	85p	10p	Cortecwell Group 10¼pc (Net) Cv.Cm.Pf	10p	
100p	25p	–	31½pm	26pm	Reckitt & Colman 9.5pc Cv Bds 2005	31½pm	+2
150p	Nil	–	12pm	7pm	T & N Non-Int. Brg. Uns. Ln.	10pm	+3
100p	F.P.	–	100p	96p	Wyndham Group 9.375pc Cm.Pf	100p	
–	F.P.	–	55p	40p	York Trust 8.5p (Net) Cv.Cm.Pf 20p	43p	+3

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
5	Nil	15/5	6pm	2½pm	Alphameric 5p	2½pm	
215	Nil	–	51pm	45pm	Cairn Energy	50pm	
400	Nil	10/5	46pm	41pm	§Castle Comms 5p	44pm	+2
1	Nil	24/4	4pm	2pm	§Craxon Lodge & Knight	2pm	
80	Nil	10/5	11pm	5pm	Life Sciences Intl 10p	9pm	-1
40	Nil	–	¼pm	¼pm	§March Group 5p	¼pm	
200	Nil	–	25pm	21pm	Pickwick	23pm	
265	Nil	11/5	77pm	50pm	Simon Engineering	73pm	
150	Nil	10/5	16pm	11pm	Staveley Industries	15pm	
635	Nil	–	95pm	88pm	Templeton Emrg. Mkts. Uts.	95pm	
25½	Nil	10/5	11pm	3pm	Waterford Wedgwood Units	3pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ◆ Issued by tender. § Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ◆ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Apr 2
- Last Dealings Apr 12
- Last Declarations July 5
- For settlement July 16

For rate indications see end of London Share Service

Calls in: Wood (SW), S & U Stores, Saatchi, Sketchley, Mecca Leisure, Tusker Res., Bridgend, Ivernia West, Intl. Bus. Comms., Rodime, Monks & Crane, Next, Apricot Computer, Chloride, Midsummer Leisure, Kalis Mins., Atlantic Res., Doctus, Elmec, Rush & Tompkins, Coloroll. Puts & Calls: Next, York Trust.

LONDON TRADED OPTIONS

The stock futures and options market had a quieter session yesterday, in line with the slacker pace of underlying trading. Total volume in the options market stood 17,202 contracts, compared with 29,232 on Friday. Yesterday's total was made up of 8,812 calls and 8,390 puts.

Trading began slowly in the options and futures market, with the recovery in Japanese equities appearing to have relatively little impact in London.

The main feature during the morning in the derivatives markets was the purchase of 1,500 FT-SE 100 index April 2,300 call options. The buying of calls spurred activity in the futures market, where FT-SE futures were bought. This pushed the futures market premium over the cash from 25 points to 30, which in turn lifted the underlying index.

But aside from the one large options trade, dealing was subdued and for most of the day, the futures market held at a premium of 25 points. At the close the June FT-SE contract stood 2,248, 21 points above the cash index. A total of 3,036 June FT-SE lots changed hands.

The FT-SE index was the busiest option, trading a total of 5,162 contracts. This was made up of 3,347 calls and 1,815 puts. The April 2,300 call series was the busiest, trading 1,510 lots.

Among the stock options, British Gas was the most active as the underlying shares advanced in brisk trading. A total of 2,463 contracts changed hands, of which 1,950 were puts and 513 were calls. The June 260 put series was the most active, trading 1,425 lots. The larger trades in British Gas options included the sale of 900 June 260 puts.

RTZ was the second busiest option, trading 1,051 options, of which 774 were puts and 277 were calls. The May 500 puts were the most active, trading a total of 570 lots.

BP also featured, trading a total of 1,017 contracts. This was made up of 257 calls and 760 puts. The April 330 puts were the busiest series, as 350 lots changed hands.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*430)	420	17	30	45	6	18	22
	460	2½	13	27	35	44	46
	500	½	5	15	73	82	83
ASDA (*104)	100	5½	12	14	2½	5	7½
	110	1½	7	9½	8	10½	12
	120	½	4	6	17	18	20
Brit. Airways (*208)	180	21	23	29	1	5	6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*325)	300	27	41	51	2	5	8
	330	5	21	32	11	17	19
Unilever (*654)	650	13	43½	66½	9	16½	20½
	700	2	18½	39½	48½	49½	50½
Ultramar (*369)	360	15	35	45	5	13	18
	390	5	18	30	25	30	33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*70)	70	6½	10½	13½	5½	9	10
	80	3	6½	9½	11½	14	14½
Barclays (*573)	550	47	60	75	10	16	16
	600	17	30	45	30	38	38
Blue Circle (*216)	200	18	26	32	6	8½	11
	220	6½	14	19	17	18	21
British Gas (*209)	200	16	19	23½	3½	7	9
	220	5½	9	13	13	18	19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

Ibstock Johnsen tops £59m but warns of downturn

By Andrew Taylor, Construction Correspondent

IBSTOCK JOHNSEN, the UK and US brick manufacturer, last year rode out a collapse in house sales on both sides of the Atlantic to increase pre-tax profits by 4.8 per cent from £56.31m to £59.04m.

However, Mr Ian Maclellan and Mr Richard Boxall, Ibstock's joint managing directors, warned that profits were likely to fall this year.

They said house sales remained under pressure in the UK and in the north east of the US, where Ibstock is principally based.

Forest products, the group's third business arm, was also facing harder times, having increased profits last year by 26 per cent from £16.9m to £21.4m.

The division's contribution to group trading profits has risen from 15 per cent in 1987 to 36 per cent last year.

However, since the end of the year, prices of wood pulp for paper have fallen by 15 per cent compared with average prices for the previous 12 months. Volume sales were also down, the company said.

Mr Maclellan said: "We are in two cyclical businesses, bricks and wood pulp. Both are in decline at the same time. We did very well to increase profits last year but it would be too much to expect this to happen again."

UK brick profits increased from £29.7m to £30.8m. This was in spite of a near-25 per cent fall in UK housing starts.

The number of bricks sold by Ibstock fell by 12 per cent but margins on sales rose from 31.7 per cent to 34.7 per cent reflecting higher prices and increased efficiency.

The market for bricks in the UK has worsened since the year end with Ibstock cutting prices by about 10 per cent compared with average prices in 1989. Sales in the first three months were 5 per cent lower than during the corresponding period last year.

In contrast, US building material profits tumbled last year by almost a fifth from £8.68m to £6.97m.

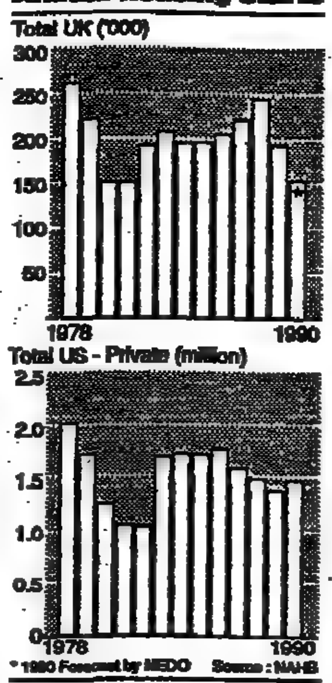
Mr Boxall said he did not expect profits to worsen this year.

The increase in group profits occurred in spite of a 3.3 per cent fall in turnover from £367.75m to £355.42m. Earnings per share rose from 18.71p to 19.34p. A proposed final dividend of 3.75p makes 6p for the year, an increase of 9.1 per cent.

● COMMENT

It is to Ibstock's credit that it has managed to increase profits in a year when housing starts are down by a quarter in both the UK and the north east of the US. The fact that wood pulp prices held up for longer than expected did the group no harm. In the UK it has managed to increase its share of a declining market and, unlike many of its rivals, has managed so far to escape production cuts. This state of affairs, however, can not last for ever. Wood pulp prices are in retreat while UK brick profits are likely to take a tumble with UK housing starts forecast to fall further in 1990. Even Canute could not stop the tide turning. Ibstock, for all its past resilience, will take a hit this year. Profits this year could fall to about £45m. Not the time to buy.

Annual housing starts



* 1990 Forecast by NEDO Source: NAHB

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Black (A&C) ....fin	8.75	-	8.5	13	12.5
Dewhirst ....fin	0.88	-	0.8	1.15	1.07
Fortnum & Mason ...fin	77	-	55	83	61
Helene ....fin	1.38	July 2	1.24	1.97	1.79
Highland Dist ....int	1.2	June 4	0.95	-	3.85
Ibstock Johnsen ....fin	3.75	-	3.5	6	5.5
ISA Intl ....fin	0.75	May 31	0.63*	1.12	0.93*
Lamont ....fin	8	July 2	6.75	11.25	9.5
Morgan Crucible ....fin	6.7	July 2	6.05	12	10.9
Mowlem (John) ....fin	15.35	-	14.25	21	19.5
Portals ....fin	8	-	6.8	11.5	10
Quarto § ....fin	3.375†	June 11	3	4.875	4.125
Richards Group ....fin	2.5	-	1.5	4	1.5
Roskel § ....fin	3	June 8	3	4.3	3
Scottish TV ....fin	20	June 4	15.25	25	19
SeverFld-Reeve§ ....fin	3	May 30	2	4	2.75
Utd Friendly § ....fin	28.75	June 13	21.65	41	31.25
Whittington ....fin	1†	June 11	0.2	1.2	0.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Dowding & Mills, Lloyds Chemists, Silentnight, WCRS, Wardle Storeys.

Finals- Alexandra Workwear, Boosey & Hawkes, Britannia Security, Caledon Industries, Dagenham Motors, Davis (Godfrey), Durham (DG), Erith, FBD, Foseco, Lawrence (Walter), Le Creuset, Martin (Albert), Next, RMC, Savoy Hotel, Sherwood Computer Services, Stylo, TVS Entertainment, Taylor Woodrow, Tesco, Wace.

FUTURE DATES

Interims-

Medoprint	Apr. 12
New Frontiers	Apr. 19
Petrocon	Apr. 11

Finals-

Blue Circle	Apr. 26
Frost	Apr. 19
Trade Parties	Apr. 20

Acsis expands in US and Australasia

By Jane Fuller

ACSIS GROUP, the USM-quoted marketing services company, is extending its hotel interior design operation to the US and Australasia through the purchase of Hirsch Bedner and Associates.

The initial payment for the Los Angeles-based company will be £4.9m, most of which is in return for restrictive covenants with Mr Howard Hirsch, the founder, Mr Michael Bedner, president, and other key employees.

The company's clients include the Hyatt and Marriot corporations.

If HBA reaches profit targets over the next four years, up to £12.8m more will be paid in cash and shares.

The company made $800,000 (£500,000) profit after tax on sales of $13.2m in the year to September 30; the targets range from $1.6m for this year to $3.85m in 1993.

At potentially nearly £18m, the purchase is the biggest entered into so far by Acsis, which made 20 acquisitions in 1988 and 1989.

Mr Darryl Phillips, chairman, said it was not so much the size that was important as extending the group's activities beyond Europe, where there is some overlap between HBA and Acsis. Together, he said, they would be the world leader in hotel interior design.

HBA has an office in London and Mr Phillips said it was involved in work on the former Greater London Council headquarters and at Marylebone station.

In 1989, Acsis's hotel interior design division contributed £1.2m to a total pre-tax profit of £7.4m and £4.6m to sales of £31.7m. Only £6m of turnover was outside the UK.

Mr Phillips said Acsis would focus on its plans to move from the USM to the main market.

US trust increases stake in Saatchi to 14.5%

By Alice Rawsthorn

SAATCHI & Saatchi, the embattled communications group, yesterday announced that Southeastern Asset Management, the Tennessee-based investment trust, has increased its stake from 13 per cent to 14.5 per cent.

Southeastern has bought 2.15m Saatchi shares thereby bringing its holding up to 23.04m shares. It has increased its stake steadily since early September when it first emerged as the single largest shareholder in the group with a 9.4 per cent stake.

The trust has spent about £62m on its Saatchi holding. But Saatchi's shares have fallen heavily since the autumn as its problems have escalated. The shares rose by 2p to 124p yesterday, compared with 821p on the day Southeastern disclosed its stake. Southeastern's holding is now worth just £23m, little more than a third of the cost of its investment.

Southeastern's reasons for acquiring so large a stake in Saatchi are unclear. The trust specialises in investment in undervalued companies. Initially it described the Saatchi stake as a long term holding and said it had no intention of attempting to influence the group. But in October Southeastern announced that it might become more "active or aggressive" in its relations with Saatchi.

However Southeastern is understood to be on good terms with Mr Robert Louis-Dreyfus and Mr Charles Scott, appointed last autumn as chief executive and finance director respectively to salvage Saatchi. Two weeks ago Mr Louis-Dreyfus and Mr Scott had a meeting with the trust during a visit to the US.

Saatchi is now trying to finalise the sale of its consultancies as management buy-outs. Last month it received a letter of intent from Citibank in Paris on behalf of Bernard Krief Consultants, a French management consultancy, for a $120m (£75m) bid for Hay, the largest of the consultancies.

Saatchi is, however, pressing ahead with discussions with Hay's management team which is in the final stages of arranging funding for its buy-out.

The group has also fixed prices for the management buy-outs of a number of other consultancies and has begun negotiations with McCaffrey & McCall, one of its US advertising agencies, towards a management buy-out.

Aer Lingus uncovers I£7m loss at offshoot

By Kieran Cooke in Dublin

Aer Lingus, the Irish state airline, said it had uncovered losses amounting to I£7m (£6.8m) at its Aer Lingus Holidays subsidiary.

Additional overvaluation of properties held by the holiday subsidiary are expected to bring total previously undisclosed losses to I£10m.

Aer Lingus said yesterday that the discovery of the losses, incurred over a period of years, followed an investigation by a firm of independent accountants into Aer Lingus Holidays.

The airline said the police were alerted but that as the investigation progressed "almost all of the unaccounted monies were traced as having been applied for the benefit of the company."

Aer Lingus said about half the I£10m loss will be reflected by restating previous years results. Better than expected results in ancillary activities in the year ending March 1990 are likely to offset losses chargeable in the last financial year.

The airline reported pre-tax profits of I£41.3m in 1988-89.

Courtney Pope profit warning

In a statement to shareholders Mr David Peacock, chairman of Courtney Pope (Holdings), said the company was still two months from the year end and it was too early to accurately forecast results, but the squeeze on margins evident during the first half had continued to effect overall profitability.

The company did not now expect to see the usual improvement in second half trading over that of the first six months.

In spite of the difficult climate the company's order levels remained high and Mr Peacock was confident that the action the company was taking would strengthen its position for the future.

The shares closed at 114p down 5p yesterday.

All-round growth helps Morgan Crucible rise 24% to £54.5m

By John Thornhill

MORGAN CRUCIBLE, the industrial materials and electronics company where the product range includes industrial crucibles and artificial hip joints, increased pre-tax profits by 24 per cent from £43.9m to £54.5m in 1989.

Sales grew by 15 per cent to £522.9m (£454m). Acquisitions contributed £5.2m to operating profits and £23.8m to turnover while currency gains added £2.5m at the pre-tax profit level.

The company also announced an expansion of its activities in eastern Europe by way of a joint venture with the Hungarian EVIG United Electrical Machine Works. Morgan has taken a 60 per cent stake in the venture which will produce carbon brushes for electric motors and generators. Morgan will initially invest up to £100,000 but will be able to repatriate profits in hard currency.

Dr Bruce Farmer, managing director, said the changes in eastern Europe offered the group considerable opportunities although it might weaken its business in defence-related sectors.

"Some areas will be weak because of the outbreak of peace, but we are moving away from these areas," he maintained.

In 1989, the thermal ceramics division was said to be the group's star performer as operating profits improved by 47 per cent to £20.6m (£14m), buoyed up by strong contributions from the Americas and Australasia.

The group's carbon interests also showed strong growth of about 40 per cent as profits advanced from £12.5m to £17.5m.

Electronics contributed £3m (£1.2m); technical ceramics £10.9m (£9.2m); and speciality chemicals £15.3m (£14.3m).

Alan Harper

Bruce Farmer, group managing director, (left) and Graham Swetman, group finance director

Dr Farmer said the company's order books were currently strong although its business in the consumer-related sector in the UK had fallen away since the latter part of last year. About 80 per cent of Morgan's business, however, derived from overseas.

Earnings per share increased by 13 per cent to 27.7p (24.5p). The board is recommending a final dividend of 6.7p which will bring the total to 12p (10.9p).

● COMMENT

Morgan likes to keep its options open. On the one hand it can boast of an involvement in the mammoth US defence programme that is the Strategic Defence Initiative, while on the other, it benefits from the "outbreak of peace" and the opening-up of eastern Europe. Apart from several ventures in the region, Morgan is also negotiating to buy back its crucible factory in the Soviet Union – nationalised in 1923 – and sees opportunities for further expansion. Such overseas exploits should help Morgan to counter the dampened UK market and enable it to progress towards its stated goal – repeated again yesterday – of doubling profits every three years. Pre-tax profits this year should show a reasonable advance to about £65m. That puts the company on a prospective multiple of 9 which is probably a fair evaluation of Morgan's prospects at the moment. But analysts are cautious about the outlook for industrial materials companies and the market still harbours fears that more paper may be issued in the quest to achieve its ambitious profit targets.

COMPANY NEWS IN BRIEF

A BROWN & SONS has acquired control of Nationwide Satellite Services. Brown is currently traded under Stock Exchange Rule 535.2 and is quoted on the Delta Notice Board of the Topic System.

BUCKINGHAM International: Applications for the recently-announced open offer of 60.25m new ordinary shares were received in respect of 22.31m shares (37.02 per rcent). The balance will be taken up by institutional placees.

EUROTHERM International has purchased a 90 per cent interest in L&J Industrie Electronik, the long-standing distributor of its SSD range of variable speed drive products.

GKN has acquired the equipment rental business of The Tool Shed, in southern California for £1.44m. Tool Shed operates from two branches in San Diego county and has annual sales of some £1.5m.

IMAGE STORAGE Holdings is to acquire the issued capital of Data and Image Processing (UK) for a consideration of 800,000 new ordinary shares, the sale of which is restricted.

LOGITEK has acquired Focalpoint Engineering, the hardware maintenance contract services division of Tetra for a maximum £1m cash, to be satisfied by £800,000 on completion and up to £200,000 payable following an independent valuation of certain assets and contracts being acquired.

RITZ DESIGN Group is to acquire I&M Kindler for £2.35m. Of the consideration £1m will be payable in cash on completion, with the balance to be deferred until April 1991 and then satisfied by the issue of ordinary shares in company.

SCAPA has received acceptances in respect of 7.24m Just Rubber ordinary (96.5 per cent) and the offer has been declared wholly unconditional. It remains open until further notice.

SIMON ENGINEERING has acquired 80 per cent ownership of Hydro-Aerobics International, an Ohio, US-based privately owned designer and manufacturer of domestic wastewater treatment systems and related components for $1.6m cash (£975,000).

TAKARE has agreed with the Ealing Health Authority to build and operate a 120-bed residential facility for high dependency elderly patients requiring nursing care. The contract, worth around £40m at 1990 prices, will commence in about 12 months time and run for a period of a least 20 years.

TI GROUP has acquired 100 per cent control of John Crane Venezuela, a leading Latin American manufacturer and distributor of engineered seals for $4m (£2.44m).

TURRIFF CORPORATION is enlarging its manpower contracting activities through the acquisition of Staffwise Employment Agency for a maximum £2.15m. The initial payment is £1.7m of which £100,000 will be in 35,088 shares. In the year ended October 31 1989 Staffwise made pretax profit of £352,000; net assets were £151,000.

UK COMPANY NEWS

Water treatment business sold and focus now on two areas

Portals shows advance to £29.7m

By Andrew Hill

PORTALS HOLDINGS, the papermaking and control products group, increased pre-tax profits from £23.5m to £29.7m in 1989.

The figures included a £4.2m profit from the sale of land but, stripping out that, Portals still surpassed profits for 1986, the last of 19 years of unbroken growth.

Mr Michael Morley, the group's chief executive, pointed out that the 1988 figures included a £3m pension holiday benefit, which dropped to £200,000 last year. Underlying growth was nearly 25 per cent, according to the company.

Last April, Portals agreed to sell its loss-making water treatment division for £24.6m to Thames Water, one of the 10 water companies privatised in December; as a result turnover at the group was down from £243.8m to £171.9m last year.

Portals was left with £24.1m of cash on its balance sheet at December 31. Much of that has since been spent on buying JR Crompton, which makes long-fibre paper for everything from teabags to sausage casings, for up to £37m.

The group is now concentrating on the security and specialist papermaking business, and protection and control products, including environmental services, emergency lighting and telemetry monitoring systems.

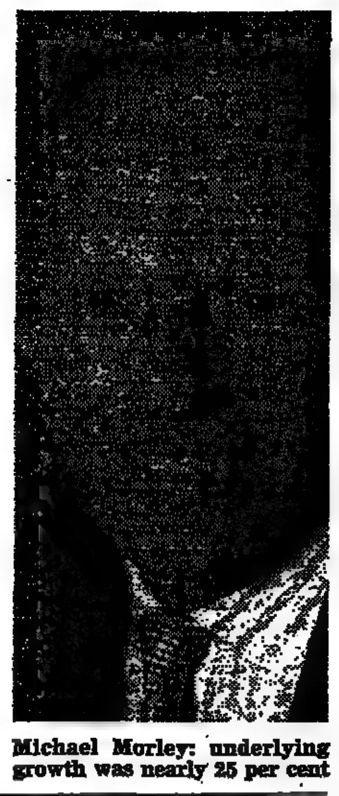
Last year, profits at the papermaking division, which dominates the world market for banknote paper, slipped from £12.7m to £12.1m on turnover of £64.7m (£62.4m), mainly because of pension holiday differences. Protection and control products made £7.3m (£5.83m) on turnover of £78.3m (£50.8m), and central profits, including interest and property rental payments, rose from £8.08m to £8.46m.

The group said there was more uncertainty in some of its markets than last year, but Mr Morley pointed out that the group was insulated from possible downturn in the UK, because some 50 per cent of its turnover came from overseas business or direct exports.

Earnings per share rose 41 per cent from 24.09p to 33.9p. The final dividend is 8p for a total of 11.5p (10p).

● COMMENT

After two disappointing years, Portals seems to have reorganised its business into a more attractive shape. The security papermaking operation provides a comparatively stable base to the core division; more exciting growth will come from the specialist paper business, including new products supplied by Crompton to the "beverage filtration" market ("Beyond the tea bag", Portals explains). The new protection and control products division is a less logical collection of small subsidiaries: environmental services (cleaning up air conditioning systems, for example) can be lucrative, but whether they sit easily in the same division as access control and emergency lighting remains to be seen. Portals could make £27m or £28m before tax this year, and there is no bid premium in the share price – up 6p to 267p yesterday – despite the sale of the Bank of England's 27 per cent stake last year. One decent set of results from the restructured group could convince the market that a prospective p/e of 8 or 9 is attractive.



Michael Morley: underlying growth was nearly 25 per cent

Clothing slump leaves Dewhirst at £5.5m

By Alice Rawsthorn

DEWHIRST GROUP became the latest company to fall victim to the slump in the clothing industry, when it announced yesterday that pretax profits had fallen from £7.41m to £5.51m in the year to January 19 1990.

In the past year the clothing industry has been hit by the parallel problems of high imports and the impact of increased interest rates on consumer spending. Several major clothing companies have gone into receivership. Last week William Baird, one of the largest players in the industry, announced a fall in earnings per share for 1989.

Mr Anthony Vice, chairman of Dewhirst, said, in spite of the downturn in profits, the group had been "fairly successful" in a "very troubled and intensely competitive industry". Hence the final dividend is raised to 0.86p making a total of 1.15p (1.07p). Earnings fell to 3.88p (4.97p).

Turnover rose to £102.45m (£94.25m), but operating profits fell to £5.67m (£7.25m). Dewhirst received £242,000 (£147,000) from minority interests but paid £409,000 (credit of £15,000) in interest. It ended the year with a small cash surplus, but incurred interest during the year because of its £5m investment in a new toiletries factory in Bedfordshire and pressure on working capital.

The clothing companies suffered intense pressure on profitability because of the market's weakness and the uncertainty caused by the receiverships. However, the group was sheltered, to some extent, by the relatively strong performance of Marks and Spencer, its major customer which accounts for 80 per cent of overall turnover.

The new diffusion collection produced for Bruce Oldfield, made a "useful" contribution to turnover. Dewhirst has also expanded by buying the Maydella children's wear company from the receiver of the Response Group.

Mr Vice said the first half of this year would be "very difficult", given that consumer spending continued to be sluggish and the condition of the clothing industry was still unstable.

He expected an improvement in the second half, partly because Dewhirst already had "very strong order books" for that period, and partly because the clothing market was expected to recover in anticipation of a reduction in interest rates in the approach to the next general election.

Interest on cash surplus helps lift Lamont to £12.38m

By Alice Rawsthorn

LAMONT Holdings withstood the intensely competitive conditions in the carpet industry by mustering a slight increase in pre-tax profits from £12m to £12.38m in 1989.

The group saw sales fall to £89.78m (£96.74m) during the year while operating profits slipped to £11.2m (£12.06m). But the interest on its surplus cash ensured that it swung into profits growth at the pre-tax level.

Sir Desmond Lorimer, chairman, said the carpet companies – which provide over half of group turnover – started the year well, but performed poorly in the spring and summer months. However, in the autumn Lamont bucked the trend in the industry by returning to growth.

Earnings per share improved to 35.49p (35.21p) and a proposed final dividend is increased to 8p making a total of 11.25p (9.5p).

The shares yesterday rose by 7p to 275p.

The carpet industry has suffered severely in recent months because of the collapse of the housing market and the general pressure on consumer spending.

The position of UK companies had been further weakened by an increase in the influx of imports from continental Europe, especially from Belgium, and by the corporate problems of Coloroll, one of the largest players in the UK.

Lamont saw its carpet sales fall to £54m (£60m) during the year, although £4m of the fall came from the loss of low margin export orders from the Middle East. Lamont managed to maintain margins in the UK, in spite of its problems in the spring and summer. Its factories have now returned to full-time working.

Its other large textile interests – Moygashel and BH McCleery – fared well. But spinning suffered from poor demand from the carpet and clothing markets.

The computing division increased sales, but suffered a slight fall in profits. The property side also sustained a reduction in income. Lamont expected to sell its investment property in east Belfast for almost £13m in the middle of this year, and should make an £8m profit on the transaction.

The group holds surplus cash of £10m, after paying about £5m for Bonded Fibre Fabric, a non-wovens business from Courtaulds. The surplus will further increase with the completion of the £13m property deal this summer.

Lamont is intent on further acquisitions. It is looking for suitable targets in the woven carpet and non-woven textile sectors.

Sir Desmond said the present year had begun reasonably well and all subsidiaries had performed ahead of budget in the first quarter.

Spread of markets helps Quarto rise 78% to £3.9m

The Quarto Group, a USM-quoted book and magazine publisher, reported a 78 per cent increase, from £2.19m to £3.89m, in pre-tax profits for 1989.

Turnover showed at 71 per cent gain from £19.47m to £33.21m.

Mr Laurence Orbach, chairman, attributed the group's success to three key factors: Quarto's widely spread world markets, which provided some insulation from any individual country's economy; its strength, size and reputation in publishing; and a management approach which allowed subsidiaries a significant degree of autonomy.

Book package publishing remained the largest activity and continued its strong growth.

Magazines prospered less well with the group having to dispose of Food Arts.

The closure costs of this magazine were reflected in an extraordinary debit of £225,000 (nil); before this, earnings per share improved from 14p to 17.7p after a tax charge increased 83 per cent to £1.14m (£624,000).

The total dividend is increased from 4.125p to 4.875p with a proposed final of 3.375p.

Queens Moat puts St James's Clubs up for sale

By Clare Pearson

Queens Moat Houses, the hotel group, has officially put a "for sale" sign on the St James's Clubs in London, Paris and Los Angeles which it inherited via its £157m takeover of its rival hotel group Norfolk Capital earlier this year.

Mr Martin Marcus, joint managing director of Queens Moat, said yesterday the decision had been taken following a meeting with Salomon Brothers, the investment bank, last Friday.

Salomon was originally appointed by Norfolk Capital to sell up to 50 per cent of the clubs. It was subsequently asked by Queens Moat to consider its best course of action after it had acquired them.

Mr Marcus said he thought the selling process – assuming it came to fruition – was likely to take about four months. The clubs were valued in Norfolk's defence document at £58.5m.

Among other options, Queens Moat had considered turning the clubs into hotels or expanding them by bringing in outside investors. Mr Marcus said Salomon had indicated there was considerable buying interest, both from domestic and overseas companies.

NEWS DIGEST

Helene shows 89% increase

HELENE, a clothing manufacturer and textile merchant, bucked a "difficult trading environment" to unveil an 89 per cent increase, to a record £4.11m, in pre-tax profits for 1989.

The outcome, achieved on turnover ahead from £41.55m to £61.94m, compared with £2.17m in the previous year, although that figure was struck after an exceptional charge of £831,000 relating to write-offs at a subsidiary.

Mr Monty Burkeman, chairman, said results from each division were "generally pleasing with business in tailored women's suits and textile merchanting showing particularly good profit increases".

Earnings per 10p share rose to 4.5p (2.5p) and the recommended final dividend is raised to 1.36p for a total of 1.97p (1.79p).

£5.8m expansion at Ashtead

Ashtead Group, the USM-quoted plant hirer, is moving into a new area with the acquisition of Subspek, a marine inspection and survey equipment concern, for up to £5.8m.

Initial cash consideration is £1.2m. The maximum balance would be payable by early 1992 and would require Subspek to achieve pre-tax profits of nearly £2.5m in the two years 1990 and 1991.

Last year Subspek made £585,000 (£272,000) on turnover of £2m (£1.2m). It is estimated the current replacement cost of its equipment is some £3m.

Subspek supplies underwater survey plant and equipment to the North Sea oil industry.

Ashtead said that although this was a new area for it, its own techniques of plant rental could be readily applied to Subspek.

Roskel advances 19% to £2.93m

Roskel, the USM-quoted group which installs suspended ceilings and partitions, raised pre-tax profits by 19 per cent in 1989, from £2.47m to £2.93m.

The group achieved record sales in each division and produced turnover 44 per cent ahead at £31.3m (£21.79m); it expanded organically as well as by acquisition.

Mr Simon Skelding, chairman, said the distribution division was particularly successful in moving towards its goal of full national coverage, almost doubling the number of depots to 13.

Earnings moved up to 15.12p (11.61p) and the dividend is raised to 4.3p (3p) with a recommended final of 3p.

On the current year, Mr Skelding said trading in the opening quarter remained at a high level. Access Rentals, acquired in January, should make a useful addition, he added.

Richards Group more than doubled

Richards Group, the specialist engineer which has been revitalised under a new management, more than doubled taxable profits to £1.33m on turnover ahead only 3 per cent to £17.16m in 1989.

Mr Peter Hodgson, chairman, said the improvement stemmed principally from the first full-year contribution by Steel Support Systems, which exceeded by a substantial amount the figures discussed when it was acquired in November 1988.

The Leicester operations were adversely affected by the time it took to find suitable accommodation following the sale of the site in Martin Street. Thorite Power sustained a loss because it had to sub-contract too much production to satisfy an overseas order book.

The profit and turnover compared with £568,000 and £16.66m respectively. Earnings came to 11.01p (3.48p) and the dividend is raised to 4p (1.5p) with a proposed final of 2.5p.

Mr Hodgson said Steel Support Systems made a good start to the current year; Thorite Power would suffer in the first half from its move, but the group was expected to progress further over the year.

Fortnum and Mason up 11% to £1.96m

Fortnum and Mason, the Piccadilly department store, lifted pre-tax profit by over 11 per cent, from £1.76m to £1.96m, in the year to January 27 1990.

Turnover was 10 per cent higher at £23.12m (£21.03m), but the operating profit was

held at £1.35m (£1.33m). Interest receivable, however, grew from £426,000 to £808,000.

Earnings were 294p (267p) and the final dividend is 77p for a total of 83p (61p). The ultimate holding company is Wittington Investments.

Whittington edges ahead

In spite of reorganisation and rationalisation and the downturn in consumer demand, Whittington, a maker of giftware and silverware and greetings cards, managed a 13 per cent increase, from £1.11m to £1.26m, in the year to December 31.

The figure was arrived at before writing off an extraordinary loss of £984,000, relating to closure costs and trading losses of discontinued businesses.

Whittington has made further acquisitions in the greetings cards sector and as a result of the Macsel acquisition, has significantly reduced its exposure to the manufacturing sector, with manufacturing businesses now accounting for less than 50 per cent of turnover.

The group has also discontinued the importing business of Rewell and the fire distribution operations of the Bonser subsidiary. In addition it has sold the diecast bathroom fittings business of Bonser.

Turnover amounted to £24.64m (£15.71m); tax took £276,000 (£356,000) leaving earnings of 4p (4.7p) per share. The proposed final dividend is 1p to make 1.2p (0.4p).

Racal spends £2m on US expansion

Racal Electronics has agreed to pay $3.2m cash (£1.95m), for Silc Technologies of Burlington, Massachusetts.

Silc provides software for the design of integrated circuits. It will become a subsidiary of Racal-Redac and its SilcSyn technology will add to the broad capabilities of that company's Visula design system.

The deal should be closed within two weeks.

Severfield-Reeve rises to £2m

Severfield-Reeve, engaged in the design, fabrication and erection of structural steel, lifted pre-tax profits 61 per cent from £1.27m to £2.04m in 1989.

The rise was achieved on turnover up 45 per cent from £10.79m to £15.67m.

Mr John Reeve, chairman of this USM-quoted company, said that during the year the group had continued to grow organically and that in the latter part the company negotiated its first acquisitions – of AA Steel Erection and AA Fabrications. These were completed in January.

Interest payable took £281,000 (£72,000) and, after tax of £698,000 (£435,000), earnings rose to 14.14p (9.28p) per share. A final dividend of 3p is proposed, for a total of 4p (2.75p) for the year – an increase of 45 per cent.

In the early part of the current year the company introduced a new divisional structure to more accurately reflect the growing diversity of its operations.

Enlarged ISA Intl at £3.27m

Organic growth underpinned a 33 per cent increase, from £2.45m to £3.27m, in pre-tax profits for 1989 at ISA International, the distributor of branded consumables for information processing equipment.

The result was struck on turnover up 64 per cent at £43.33m (£26.43m). The company said that because the results of Computer Supplies Company were only included in the 1988 figures from its acquisition in September of that year, the year-on-year performance was slightly distorted.

Mr John Parkinson, chairman, said that with February's opening of the French subsidiary, the company believed it would be strongly established in Europe well before 1992.

Earnings improved to 7.08p (5.27p) per share and the recommended final dividend of 0.76p makes a total of 1.12p (0.93p adjusted).

A&C Black slips to £637,000

The economic climate in 1989 caused a £26,000 slip to £637,000 in pre-tax profits in 1989 at A&C Black.

The publisher, which specialises in year-books, children's and general subject books, said that although turnover rose marginally – from £5.15m to £5.44 – growth in actual sales was adversely affected.

Earnings crept up to 31.2p (31.1p) per share and the dividend is lifted to 13p (12.5p) with a proposed final of 8.75p.

United Friendly 30% up at £16m

United Friendly Insurance, the USM-quoted underwriter, reported 30 per cent growth, from £12.6m to £16.4m, in pre-tax profits for 1989.

Total life premiums for the year rose by 26 per cent from £110.9m to £140.1m. In all, premium income for the period increased by 20 per cent to £198.2m (£165.4m). Income from investments more than doubled to £8.9m (£4m).

Tax took £4.3m (£3.4m) after which earnings per 10p share came out at 103.45p (79.6p). A final dividend of 28.75p is recommended making 41p (31.25p) for the year. A four-for-one scrip issue is also proposed.

Star Computer losses reduced

Star Computer Group reported losses of £649,000 in the six months to end-December against profits of £464,000 last time. However, the figure was lower than the loss of £1.39m in the second half of the previous year.

The Watford-based software and computer services company said that progress had been made in all subsidiaries towards a recovery in the long term.

Turnover was 7.5 per cent lower at £6.39m, against £6.91m for an operating loss of £436,000, compared with profits of £566,000. The interest charge doubled to £213,000 (£102,000).

There was no tax this time (£163,000) leaving losses per share of 9.5p (3.5p earnings).

UK COMPANY NEWS

Final plea for rejection as Pall Mall continues to buy in market

Laing promises share enhancement

By Nikki Tait

IN A last-ditch attempt to defeat an unwanted £492m bid from Pall Mall Properties, Laing Properties yesterday told shareholders that it would "continue to explore actively all available avenues for enhancing the values of [Laing] shares", if the predator was unsuccessful.

Laing's final letter to its investors came as the hostile offer from Pall Mall – now set for a photo-finish – moved into the final week.

The predator was again picking up shares in its target through the stock market. A late announcement from Pall Mall said that 2m additional shares were purchased yesterday, taking its holding in the ordinary shares to 48.75 per cent.

The Prudential, the last major institutional block, sold during the afternoon. Institutions such as Postel, Clerical Medical, and Standard Life have also been recent sellers.

P&O is also believed to have a small number of acceptances, and to have raised marginally its holding in the convertible loan stock – already standing at 53 per cent.

This leaves slightly more than 40 per cent in the hands of directors, family and charitable trusts, with the balance accounted for by private investors, passive funds, and some small institutional holdings. The offer is due to close on Thursday – although, theoretically, it could be extended for a further day, into Good Friday.

Laing gave no details of how it intended to achieve the "value enhancement", and its letter – coming at this late stage in the battle – was subjected to close scrutiny by the Takeover Panel.

However, the defending group stressed that it was urging rejection "because we believe we can obtain a better result for you".

It pointed out that the Pall Mall offer was pitched at a 20 per cent discount to its updated net asset valuation of 910p per share.

Although cautious about incurring any regulatory wrath, Mr Brian Chilver, Laing's chairman, did say that he had always believed that "maximum value would be obtained for the company as a going concern" rather than through a break-up.

Laing has already said that, if the entire portfolio was sold, the gross tax liability would be in the region of £125m, or 184p per share. This was calculated on the basis of the end-February valuation of 910p per share. Subtracting this tax liability from the valuation figure gives 725p per share – precisely the level at which the Pall Mall offer is pitched.

For P&O, Sir Jeffrey Sterling, chairman, declined to make any public comment on the Laing letter or the delicately-poised state of play.

Lydia van der Meer

Sir Jeffrey Sterling – no comment on Laing's final letter

Micro Focus shares soar as profits treble

By Jane Fuller

MICRO FOCUS, the software company, more than trebled its pre-tax profit to £8.22m in the 12 months to January 31.

As the results were in line with 1990 expectations rather than last year's, the share price shot up from 588p to 626p.

Turnover advanced by 87 per cent to £35.64m; and net cash mushroomed from £2.23m to £13.52m.

The main factor in the company's recovery from the loss-making years of 1985 and 1986 has been the rapid growth of direct sales of standard software packages to corporate computer departments. The star of the business – accounting for 40 per cent of total sales – was Workbench, which aids the writing of programs in Cobol, the business computer language.

Mr Brian Reynolds, the company's founder, estimated that 10,000 Workbenches were sold last year, nearly doubling all previous sales. He illustrated the growth potential by saying there were 1m Cobol programmers in the world, typically in large corporations.

In 1989, 61 per cent of Micro Focus' sales were direct to corporate users and 30 per cent to computer manufacturers. The previous year the proportions were 48 and 41 per cent respectively.

Geographically, 56 per cent of sales were in the US. Mr Colin West, deputy chairman, said the company was presenting its accounts in a way that conformed with both US and UK practices. It had also arranged a sponsored American Depository Receipt programme to improve communication with ADR holders and facilitate trading in the stock.

Growth was slower in Japan, where the proportion of total sales fell from 16 to 10 per cent. The European share stayed at just over a third.

Mr West said the workforce had risen from an average of 309 in 1988 to about 400 last year; annual sales per head had reached £106,000 (£79,000).

This year, as the company sought to keep up the level of customer service, he anticipated a staff increase of between 30 and 50 per cent.

Fully diluted earnings per share rose from 16.3p to 37.4p.

Micro Focus will again not pay a dividend. It said this policy was in line with the US companies with which it compares itself.

COMMENT

After the lean years in which sagging sales to computer makers overlapped with the development of Workbench, Micro Focus is reaping rewards. The company benefits not only from the ubiquity of Cobol, but also because its corporate customers are keen to buy software that makes their computer programmers more productive and enables more efficient use of mainframes. The company is also well established with the setters of computer industry standards, which bodes well for future products. As profit growth cannot continue to multiply in the way it has done during the recovery, this year's pre-tax figure is expected to be between £10m and £11m. Even at the conservative end a prospective p/e of 13.7 is not regarded as expensive. A multiple of 17 is not unheard of for its transatlantic peers.

Scottish TV tops £11m but revenue growth slows

ADVERTISING revenue growth, higher programme sales and tight cost control combined to lift taxable profits at Scottish Television by 21 per cent in 1989.

From turnover ahead 12.5 per cent to £103.78m the group, programme contractor for Central Scotland, produced profits of £11.11m, against £9.16m. Sir Campbell Fraser, chairman, said the results were satisfactory, particularly as revenue growth was only 1 per cent in the second half. That advertising slowdown persisted in the first quarter of the current year, and was "likely to continue for some months to come".

The profit had to absorb £18.3m (£17.06m) for Channel 4 subscription and Exchequer Levy, and £3.15m (£680,000) in exceptional charges. They related mainly to the cost of voluntary early leavers and retirements, both in the group and in ITN; at the end of 1989 the number of people employed by the group in television activities was 666 (758).

In the year, advertising sales were £87.32m (£81.49m) and programme sales and services reached £12.91m (£8.5m).

Earnings came to 61p (53.4p) and the final dividend is 20p for a total of 25p (19p). There was an extraordinary credit of £4m net representing the profit on disposal of investment in Independent Television Publications.

SeaCon's ferry sale completed

Sea Containers has finally completed the $1.14bn sale of its ferry and container assets to Stena, the private Swedish shipping group, and Tiphook, the UK container rental company, writes Andrew Hill.

The Bermuda company will now go ahead with the $70-per-share tender offer for 7m of its own shares.

Stena completed its part of the deal yesterday.

Stena Line, its quoted ferry subsidiary, is expected to hold a special shareholder meeting this week to consider the formal acquisition of the Sealink assets from its parent.

Gallaher pays £33m to swallow Vladivar vodka

By Philip Rawstorne

GALLAHER, the British subsidiary of American Brands, the US tobacco group, yesterday moved further into the drinks market with the £33m acquisition of the Vladivar vodka brand from Greenall Whitley and Scottish & Newcastle, the UK brewers.

Sales and marketing of Vladivar will be transferred immediately to Whyte & Mackay, the Scotch whisky distiller which Gallaher bought from Brent Walker in February for £160m.

Greenall Whitley, the Warrington-based brewing and hotels group, will receive £26.05m for its share in the company that previously marketed the vodka; Scottish & Newcastle will receive £6.95m.

Under the terms of the deal, Greenall Whitley will continue to produce and bottle Vladivar and to sell it throughout the group's 1,600 retail outlets.

Vladivar, launched in 1970 as the "Wodka from Warrington", is the UK's No 2 selling vodka brand. With sales of more than 500,000 cases, it has about 12 per cent of the market.

Commenting on the sale of the brand yesterday, Mr Andrew Thomas, Greenall's group managing director, said: "We decided that the financial and management commitment necessary to take the Vladivar brand into the international market is greater than we are prepared to make available at this time in the group's development.

"We believe that Whyte & Mackay has the global presence and resources to exploit fully Vladivar's international potential."

Greenall's future development would gain more from concentrating its resources in leisure and retailing than from spending millions of pounds on developing the Vladivar brand, Mr Thomas concluded.

Mr John Spicer, drinks analyst at Kleinwort Benson, agreed. The deal represented "a very good reward" at 25 times earnings for Greenall's efforts in building the brand from scratch, he said.

Mr Michael Lunn, chairman and chief executive of Whyte & Mackay, which makes Claymore and Haig whiskies, said: "With our strength of distribution throughout the UK, we believe we have the trading partnership and sales and marketing resources to develop Vladivar considerably in this growth sector of the drinks market.

"With Scotland representing 25 per cent of the UK vodka market, our base of strength here should give us considerable advantage."

Gallaher has already committed substantial funds to the international development of Whyte & Mackay's products, which for some time have been distributed in the US by American Brands, along with Jim Beam, its own top-selling bourbon.

But analysts believe that American Brands may have to seek alliances with other independent international operators as well as further acquisitions if it is to compete effectively against industry giants such as Guinness, GrandMet, Seagram, and Allied-Lyons.

Whitbread recently sold its wines and spirits business to Allied because it decided it was not big enough to compete internationally.

High flying Grouse lifts Highland Distilleries

By Philip Rawstorne

HIGHLAND Distilleries, the maker of Famous Grouse Scotch whisky, yesterday met City expectations with interim pre-tax profits 26 per cent higher at £12.7m.

Turnover for the six months to February 28 increased from £74.49m to £83.88m, and operating profits rose £2m to £10.48m.

Famous Grouse again provided the main impetus to growth, but all main sectors of the business contributed to the increase in profits.

Mr John Goodwin, chairman, said the Grouse brand increased sales volume by 5 per cent in a market which had shown some contraction.

"Overseas sales continued on a sound growth trend, and good progress is being made in Europe in particular," he added.

Higher sales of new whisky last autumn had accounted for "excellent growth" in that sector. Orders for new whisky so far in 1990 were running at a similar level to those fulfilled last year.

Sales of mature whisky to the company's established blending customers were "well ahead" of last year.

The cost of closing the company's mushroom business in January, presently estimated at £900,000, will be included as an extraordinary item in the full year results. Analysts are predicting full-year pre-tax profits of £23.5m.

Earnings per share increased from 5.3p to 6.6p and the interim dividend is raised to 1.2p (0.95p).

41% pay rise for Unilever's UK chairman

By David Churchill

SIR MICHAEL Angus, UK chairman of Unilever, the Anglo-Dutch food and consumer products group, received a pay increase of more than 41 per cent last year, the company revealed yesterday.

The Unilever annual report and accounts showed that Sir Michael received total remuneration for the year ended December 31 1989 of £408,980. This compared with £289,064 in the previous financial year.

A Unilever spokesman said yesterday that the increase included payments due under an incentive scheme as well as tax compensation arising from Sir Michael's duties as vice-chairman of the Dutch side of Unilever.

In its last financial year Unilever increased pre-tax profits by 24 per cent to £1.8bn.

COMMODITIES AND AGRICULTURE

Oversupply pushes oil prices down further

By Steven Butler

OIL PRICES slumped yesterday as a surplus of ready supplies weighed on the market. Crude oil stocks are high on both sides of the Atlantic, and a threat to Soviet oil exports was lifted yesterday when oil workers in western Siberia postponed a decision on a possible strike until late April.

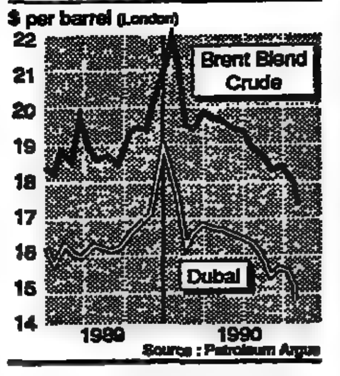
Brent crude for June delivery fell by 55 cents a barrel to $17.07½. At the New York Mercantile Exchange, June futures contracts for West Texas Intermediate Crude were off 34 cents in midday trading at $19.22 a barrel. The May contract fell through the psychologically important $19 level for the first time since September, and was trading at $18.74, off 41 cents.

The Middle East Economic Survey, the Cyprus-based weekly, said that production by the Organisation of Petroleum Exporting Countries last month was 24.1m barrels a day, the highest level since 1981. Opec's output compares with its agreed production ceiling of just over 22m b/d. Saudi Arabia was also reported to have cut price formulas for sale to Europe in order to keep volumes high.

"I can't see any reason for them to stop falling," said Mr Phillip Morgan, at Laing and Cruickshank.

"Opec is simply prepared to ignore the short term," said Mr Geoff Pyne, an analyst at Phillips and Drew. Mr Pyne said that oil prices might still fall by another 50 cents a barrel, although he expected Brent oil would rise to $22 a barrel toward the end of the year and would average $20.50 the for entire year.

Oil price



The market is awash with supplies of sour, or high sulphur, heavy crudes of the type produced by Iran and Iraq, both of which are reported having difficulty selling their crude oil. Refineries in the US have cut deliveries on term contracts in order to take advantage of cheaper prices on the spot market.

Prices have fallen steadily since a mid-winter peak in early January. They levelled off temporarily following an Opec ministerial meeting late last month, and began to slide again last week following a report which showed an inventory build-up in the US.

Oil prices are normally weak in the spring, however, and most analysts expect a recovery to begin as restocking for the summer driving season gets fully under way. The discount for cash deliveries is leading some traders to cancel future positions and buy in stocks early. Although this could cap demand in the coming months, it also serves to limit any short term price fall.

Some traders said sentiment was also weakened yesterday by postponement of a possible Siberian oil strike, which has been hanging over the market for the past two weeks. Any prolonged labour unrest in the Siberian oil fields, where over 8m barrels a day is produced, would throw the world quickly into a fresh energy crisis.

The oil workers union is pressing for improved housing, food and equipment supplies as well as a price freeze on equipment. It is also demanding that they be allowed to sell more oil directly, rather than to the state.

A strike was originally planned for April 1, and this was postponed 10 days in order to give the Government time to respond. Although a government response has not yet been received, the union decided to postpone action again.

Yeutter sees room for farm trade compromise

By Bridget Bloom, Agriculture Correspondent

ALTHOUGH THE US and the European Community are still far apart on reforming world farm trade four areas of compromise exist which could make possible an agreement on agriculture by the December deadline for the Uruguay Round of the General Agreement on Tariffs and Trade.

Mr Clayton Yeutter, the US Agriculture Secretary, yesterday listed those four areas as covering export subsidies; domestic farm support; the so-called "tariffication" process; and plant and animal health.

In a satellite interview Mr Yeutter gave a relatively upbeat review of progress so far in the Uruguay Round, which was at variance with the view in many European capitals that the US was backtracking on farm trade reform, widely agreed to be the most difficult issue in the four-year-old trade negotiations.

Declaring that there would be inconceivable disarray in world trade if the talks failed, Mr Yeutter said that such "an intolerable result" must be prevented.

Talking from Washington to journalists in London, Brussels and other EC capitals, he accepted that the EC and the US were still far apart. "But I am not pessimistic about the chances of agreement," he said. The really tough negotiations would not come until "the September, October, November period" and, with goodwill, agreement ought to be possible. It would not be sensible to prolong the round into 1991 since vital momentum would be lost, he said.

Mr Yeutter denied that negotiations on the US Farm Bill, held by EC officials to be even more protectionist than the 1985-90 Bill, would impede US concessions within the Gatt talks. Critics should "hold fire" until the Bill was passed in the autumn, he said. But even if "individual elements" proved more protectionist "that is not of great relevance since we have clearly indicated that we are prepared to implement whatever is agreed in the Uruguay Round."

On the four possible areas of compromise Mr Yeutter said the US "was picking up positive vibes from western Europe on tariffication" – the system the US espouses for converting non-tariff barriers to tariffs, which could then be reduced.

Discussions had centred on "transitional mechanisms" for a 10-year period as well as on a "tariff snap-back" which could be imposed if imports rose too quickly. Those qualifications ought to make tariffication widely acceptable, he thought.

The US Secretary accepted that the US's own non-tariff barriers in the sugar and dairy sectors would have to go in the process, even though domestic producers would be hurt.

He said it was impossible to build a persuasive case for export subsidies but they could be phased out over time. "We can have a healthy debate over how long," he said.

Mr Yeutter believed that the EC's proposals to produce "aggregate measures of support" which could then be reduced, was a "feasible concept." It could reduce the stimulus to production and should be a profitable area for negotiation.

Finally, Mr Yeutter said that he "sensed an emerging consensus" that there should be international action in the area of plant and animal health. He thought that there was widespread recognition that harmonisation was imperative.

IF WORLD cereal prices drop to more normal levels, and there are only modest increases in production, the European Community's bill for supporting the cereal sector could rise by nearly 60 per cent to Ecu6.9bn (£5bn) by 1995, Agra Europe, the independent Brussels-based newsletter, believes.

Currently, world prices are high and subsidies needed to make EC exports competitive on world markets are comparatively small. Agra Europe predicts spending of some Ecu5.2bn in 1995, compared with Ecu4.5bn estimated for this year, if prices remain at present levels, export subsidies average Ecu65 a tonne and production increases by 1 per cent a year. However, if world prices fall, requiring export refunds of Ecu100 a tonne, spending would rise to Ecu6.9bn. If prices fell and production rose by 2 per cent a year spending on cereals alone would then amount to Ecu8.1bn.

Agra Europe recognises that its estimates are highly speculative but says the Council of Ministers – currently wrestling with ways of ameliorating the lot of cereal farmers in this year's farm price package – seems unaware of how easily market support costs will escalate.

Tackling Namibia's livestock problems

Mike Hall on Swapo's efforts to correct imbalances in the country's farming sector

IN 1909 Mr Paul Thorer, the German furrier, acquired a herd of 500 black, fat-rumped karakul sheep from central Asia and shipped them to south-west Africa, beginning an industry that for decades was the backbone of the colonial economy.

White settlers, mainly Germans and Afrikaners, appropriated vast areas of land from local tribes people who herded cattle – the economic base of traditional society. They produced karakul pelts for the Leipzig fur trade and ran cattle for the South African beef market. Today, despite the dominance of diamonds, uranium and other minerals in Namibia's economy, livestock has maintained its importance.

Namibia's commercial farmers are almost exclusively white

Although the karakul herd declined dramatically in the early 1980s, cattle and small stock production still dominates the rural economy of this vast, semi-arid land. Agriculture accounts for only 10 per cent of GDP – or about R400m (£61m), yet 70 per cent of Namibians depend on it for a living. Cattle, which account for about 87 per cent of gross agricultural income, are reared extensively in the centre and north of Namibia. The national herd currently numbers about 2m – down from 2.6m in 1980 because of drought.

Sheep are reared mainly in the central south of Namibia and make up about 11 per cent of agricultural income. With a crash in the early 1980s in world prices for karakul pelts, most sheep farmers switched to mutton-producing dorper, which now number about 2m. Karakul numbers declined from about 4.6m in 1980 to only 1m last year.

The new Government sees agriculture as the development priority. Crop production will be most important to create jobs and reduce dependence on food imports. But Swapo will also need to address several pressing issues in the livestock sector.

One of the most important is the unequal ownership of land and stock. About 4,000 commercial farmers, almost exclusively white, farm just under half the land area and earn 93 per cent of all agricultural income, with 150,000 small farm families making up the rest. Commercial farmers have enjoyed heavy state subsidies in the form of cheap loans for development and land purchase. There has been little investment however in water supplies and other farm infrastructure in "communal" areas (mainly in the north where about 70 per cent of all Namibians live).

The result has been that traditional farmers are concentrated in areas where water is available, and this has led to serious over-grazing. The problems are compounded for traditional herdsmen in the north because foot and mouth and lung diseases are endemic Namibian among cattle.

In an effort to tackle inequalities the Government has said it will withdraw subsidies from commercial farmers, take over (with compensation) underused farms for resettlement and open up new lands in communal areas by investing in water supplies for people and livestock.

This will also involve the setting up of an extension services and efficient marketing structures, so that those owning small numbers of livestock can benefit from access to potentially lucrative markets. Above all, it will mean new financial institutions and credit schemes to help small farmers invest.

Another concern is the quantity of livestock exported on the hoof to South Africa. According to the meat board, about 60 per cent of cattle and 90 per cent of mutton sheep go live to South Africa. There is also very little local processing of karakul pelts, 98 per cent of which are exported quarterly to the Frankfurt auctions. Namibia's five meat processing plants have surplus capacity and some observers believe Namibia could increase revenues by up to R90m by processing locally. Similar processing of karakul pelts – used in hats and garments – could add another R10m.

Many also believe there is a need to diversify livestock trade to reduce dependence on South Africa. More than 80 per cent of beef production is exported to South Africa where Namibia has a 12 per cent market share. A similar proportion of mutton also goes to South Africa – which also takes the bulk of Namibia's goat production.

Independence brings Namibia the opportunity of becoming a member of the Lomé convention – the agreement giving African, Caribbean and Pacific states preferential access to the European Community market through a system of import levy rebates. Namibia is negotiating for an EC beef quota for about 20,000 tonnes. But EC officials say it may well get less than half that amount.

Nevertheless, the industry will see that as an important foot in the door. Namibia may also draw on neighbouring Botswana's beef marketing facilities and expertise. The quota will not come into effect until next year.

Mutton is another potential EC export, but the industry is not yet pursuing a sheepmeat quota. Industry officials say the Middle East could become an important new market for Namibian mutton. For the time being, however, South Africa looks likely to take most of Namibia's meat, and there is some concern that it will soon be over supplied with mutton, which may encourage farmers to return to karakul production.

But the karakul industry is susceptible to fashion trends and fluctuating prices. And although Namibia has launched a campaign to boost sales to the North American market and plans to rebuild the herd, it seems unlikely that karakul will ever be able to regain the importance it once had. Independence offers Namibia's livestock industry limited opportunities for growth. Its importance will ensure that the Government seizes what opportunities there are. In the long term, however, sustainable growth will depend on reducing dependence on an industry that has for long dominated Namibian life.

Phibro loses French cocoa case appeal

A FRENCH court has rejected an appeal by Philipp Brothers (Phibro), the US-based trade house, in its legal dispute with six counterparties over Ivorian cocoa which the trade house failed to deliver in 1988, according to court documents, reports Reuter from Paris.

The Paris Court of Appeals has ordered the company to pay each of the counterparties FFr10,000 (£1,100) as an indemnity.

It was not known whether Phibro would appeal, an option that exists under French law.

The French Cocoa Trade Association last year ordered Phibro to pay the counterparties awards totalling £3m. It expelled Phibro last December because of the trade house's failure to pay the arbitration awards.

Phibro's counterparties were Drexel Burnham Lambert Ltd (London), Theobroma NV (Amsterdam), Raoul-Duval & Cie (Le Havre, France), General Cocoa Holland (Amsterdam), Orebi & Cie (Paris), and the International Cocoa Organisation (ICCO).

Aluminium stocks leap above 100,000 tonnes

By Kenneth Gooding, Mining Correspondent

LONDON METAL Exchange aluminium stocks rose last week by nearly a quarter or 19,700 tonnes to 100,725 tonnes, the highest level for seven and a half months.

Traders had been expecting a large jump in aluminium inventories but the LME price for immediate delivery still fell yesterday by $28 to $1,510 a tonne.

The cash price, which for a long time had been above the three months delivery price (or in backwardation), fell below that of three-months metal, which closed down $19 at $1,518.50 a tonne. That situation is regarded as normal as forward purchases avoid the costs involved in carrying physical metal. Backwardation generally reflects concern about the availability of supplies for immediate delivery.

Traders said rumours of large deliveries of South American aluminium to LME warehouses and that stocks would rise by at least 10,000 tonnes saw the LME aluminium cash price fall by $29 on Friday while three-month metal was down by $23.50 a tonne.

In contrast, the LME's copper stocks fell last week by 3,900 tonnes to 55,225 tonnes, the lowest level for 22 months. But the copper cash price fell by £24 to 1,627 a tonne and three-month metal was £15 down at £1,571.50 a tonne.

Traders said that they had been expecting a bigger fall in copper stocks and that the market was also unsettled by the expectation that the strike at Southern Peru Copper Corporation would soon be over.

The copper price weakness sparked off price falls across the board on the LME – even zinc was down in spite of the LME's stocks of the metal falling again last week to the lowest level since September, 1989.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	+19,700	to 100,725
Copper	−3,900	to 55,225
Lead	+5,125	to 59,775
Nickel	+1,368	to 7,123
Zinc	−225	to 45,950
Tin	+940	to 11,190

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD closed near the day's lows on the London bullion market after retreating steadily from an opening of just over $380 a troy ounce. Friday's late rally in New York and prices of around $381 in the Far East led to the early rise. But dealers said that bearish sentiment set in early in the belief that the opening level was too high, given the absence of fundamental news. Professional selling in New York, on the G-7 finance ministers' failure to reach agreement on supporting the yen against the dollar, underpinned the decline. Dealers said the G-7 meeting was not directly influential in London other than to set a possible cap on gold's upside recovery if the dollar climbed further. Cocoa prices eased in London after hitting fresh 7½-month highs in early trading. Talk of continuing unrest in the Ivory Coast supported an already bullish market, with origins well sold up to nine months in advance. However, New York prices were tumbling by midsession on profit-taking and light commission house selling. Robusta coffee prices in London advanced, but trade was quiet as the market awaited clarification of Brazil's export policy. New York arabicas were higher by midsession.

Compiled from Reuter

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.50-4.60y	-0.50
Brent Blend	$17.05-7.10y	-0.55
W.T.I. (1 pm est)	$18.73-8.75y	-0.60
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$221-224	[illegible]
Gas Oil	$159-160	
Heavy Fuel Oil	$77-79	-1
Naphtha	$159-161	-4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$375.25	-2.50
Silver (per troy oz)♣	514.35c	+1.35
Platinum (per troy oz)	$479.00	-1.25
Palladium (per troy oz)	$128.50	
Aluminium (free market)	$1510	-35
Copper (US Producer)	128⅞c	
Lead (US Producer)	57.5c	
Nickel (free market)	415c	
Tin (Kuala Lumpur market)	17.78r	-0.04
Tin (New York)	311c	
Zinc (US Prime Western)	83¼c	
Cattle (live weight)†	115.39p	-0.30*
Sheep (dead weight)†	258.38p	+4.45*
Pigs (live weight)†	97.74p	-3.84*
London daily sugar (raw)	$363.6w	+3.40
London daily sugar (white)	$442.5w	+0.50
Tate and Lyle export price	£337	+2.00
Barley (English feed)	£107.5	
Maize (US No. 3 yellow)	£135.0v	
Wheat (US Dark Northern)	£120t	
Rubber (May)♥	56.00p	
Rubber (Jun)♥	56.50p	
Rubber (KL RSS No 1 May)	228.0m	+0.5
Coconut oil (Philippines)§	$345.0w	-2.5
Palm Oil (Malaysian)§	$277.5x	
Copra (Philippines)§	$242.5y	-2.5
Soyabeans (US)	£164.5	
Cotton "A" index	82.30c	-0.45
Wooltops (64s Super)	572p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jun. t-May/Jun. v-Apr/Jun. w-Apr/May. z-Mar/Apr y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	341.60	337.40	341.60	338.00
Aug	346.60	344.00	346.80	342.00
Oct	341.60	335.60	341.00	333.00
Mar	315.00	310.00	310.40	309.80
May	313.00	308.60	308.40	307.00
Aug	313.00	309.00	308.00	
White	**Close**	**Previous**	**High/Low**	
May	444.0	444.0	443.5	440.8
Aug	438.0	437.0	438.0	435.0
Oct	412.0	410.0	411.0	408.0
Dec	398.5	398.5	397.5	396.5
Mar	395.0	393.0	391.5	391.0

Turnover: Raw 4408 (2767) lots of 50 tonnes. White 2781 (1542).
Paris- White (FFr per tonne): May 2507, Aug 2490, Oct 2350, Dec 2285, Mar 2257, May 2245

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
May	16.95	17.51	17.33	16.90
Jun	17.42	17.96	17.86	17.40
Jul	17.82	18.28	18.04	17.80
IPE Index	17.66	18.10		

Turnover: 13987 (6914)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low	
Apr	165.75	164.75	167.00	164.50
May	155.75	155.00	157.00	155.00
Jun	153.75	155.00	155.25	153.00
Jul	154.25	156.00	156.00	153.75
Aug	156.00	157.50	156.25	155.00
Sep	157.75	160.00	157.50	157.25
Oct	160.25	161.00	159.50	159.50
Nov	161.16	162.00	161.75	161.00
Dec	162.00	163.00	163.50	163.00

Turnover 9596 (8305) lots of 100 tonnes

JUTE
There were 27,025 packages on offer, including 9,400 offshore, reports the Tea Brokers' Association. The East Africans attracted strong. Brighter liquoring Kenyas also sold readily at firm rates but plainer mediums showed irregularity and tended easier. Central Africans came to a selective market with better sorts fully firm. Ceylons met good demand with brighter liquoring teas dearer following quality. Offshore teas were well supported although prices proved irregular and sometimes easier. Quotations: quality 220p (down 10p), medium 138p (down 2p), low medium 98p (up 2p).

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
May	826	831	856	827
Jul	845	848	874	842
Sep	864	864	890	860
Dec	886	885	911	880
Mar	905	905	927	900
May	919	919	940	916
Jul	932	932	955	931

Turnover: 11751 (12836) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 6 1006.21 (1012.28) 10 day average for Apr 9 981.98 (989.92)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
May	708	700	716	697
Jul	701	688	704	685
Sep	710	699	715	698
Nov	722	710	720	709
Jan	733	722	732	724
Mar	744	736	744	736
May	760	752	763	

Turnover: 2175 (3518) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 6: Comp. daily 75.65 (77.02). 15 day average 73.53 (73.48)

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Apr	150.0	145.0	150.0	
May	196.0	186.9	203.5	190.5
Nov	107.0	103.0	108.0	99.0
Apr	160.0	155.0	168.0	158.0

Turnover 419 (277) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Jun	127.00	127.00	127.00
Aug	126.50	126.00	126.50

Turnover 41 (11) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Apr	1448	1434	1452	1430
May	1462	1440	1463	1445
Jul	1305	1296	1305	1293
Oct	1394	1386	1395	1386
Apr	1399	1400	1402	1400
Jul	1180	1185	1195	
BFI	1462	1466	1462	

Turnover 531 (369)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
May	113.50	113.55	114.00	113.50
Jun	115.40	115.45	115.60	115.40
Nov	111.00	110.60	111.00	
Jan	114.90	114.55	114.90	
Barley	**Close**	**Previous**	**High/Low**	
May	105.25	105.15	106.00	105.80
Sep	106.00	105.55	106.00	105.90
Nov	110.00	109.55	110.00	109.75
Jan	113.25	112.75	113.25	
May	117.35	117.00	117.35	117.25

Turnover: Wheat 80 (216), Barley 153 (143).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Apr	125.5	126.0		
Jun	123.5	123.5	123.5	123.0
Aug	117.5	117.0		
Oct	119.5	119.5		
Nov	119.0	118.5		

Turnover 11 (115) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 8,950 tonne
Cash	1509-11	1537-9	1510	1510-1		
3 months	1516-9	1537-8	1527/1513	1517-8	1522-3	42,278 lots
Copper, Grade A (£ per tonne)						Ring turnover 26,875 tonne
Cash	1626-8	1650-2	1646/1645	1646-7		
3 months	1571-2	1596-7	1607/1592	1591-2	1596-8	78,057 lots
Lead (£ per tonne)						Ring turnover 5,750 tonne
Cash	517-20	534-6	530	530-40		
3 months	497-8	506-8	507/496	506-7	499-501	10,496 lots
Nickel ($ per tonne)						Ring turnover 1,056 tonne
Cash	8800-50	8975-9025	8850	8825-50		
3 months	8550-75	8575-8600	8750/8650	8715-85	8660-75	7,613 lots
Tin ($ per tonne)						Ring turnover 945 tonne
Cash	6460-80	6640-60	6540/6530	6530-5		
3 months	6580-600	6743-8	6730/6570	6625-30	6660-80	8,758 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 5,950 tonne
Cash	1665-75	1702-7	1688/1665	1665-6		
3 months	1585-6	1597-600	1605/1585	1595-8	1601-2	17,363 lots

LME Closing £/$ rate: SPOT: 1.6405 3 months: 1.6118 6 months: [illegible] 9 months: [illegible]

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	375-375½	228¾-229¼
Opening	380-380½	231½-232
Morning fix	378.85	231.006
Afternoon fix	376.70	229.652
Day's high	380-380½	
Day's low	375-375½	
Coins	**$ price**	**£ equivalent**
Maple leaf	386-391	[illegible]
Britannia	386-391	235-238
US Eagle	386-391	235-238
Angel	386-391	[illegible]
Krugerrand	374-377	228-230
New Sov.	88-89	55-55½
Old Sov.	88-89	55-55½
Noble Plat	484.75-492.45	295.40-300.10

Silver fix	p/fine oz	US cts equiv
Spot	313.55	514.35
3 months	323.30	526.15
6 months	337.90	556.45
12 months	361.95	589.70

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1400	118	184	2	16
1500	40	69	22	49
1600	6	29	87	107
Copper (Grade A)	**Calls**		**Puts**	
2450	184	140	18	84
2550	111	93	42	134
2650	59	58	86	198
Coffee	**May**	**Jul**	**May**	**Jul**
650	59	74	2	24
700	22	46	15	46
750	5	28	48	78
Cocoa	**May**	**Jul**	**May**	**Jul**
800	32	69	5	25
850	7	42	30	48
900	1	25	74	81
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	6			
1900		14	86	
1950		7		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	378.0	380.7	377.5	373.3
May	377.8	382.6	0	0
Jun	380.4	[illegible]	381.9	378.8
Aug	385.2	390.0	386.6	384.0
Oct	390.8	[illegible]	391.5	389.0
Dec	394.8	399.7	396.0	393.7
Feb	399.7	404.6	400.5	398.2
Apr	404.4	409.3	0	0
Jun	409.5	414.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	475.5	475.8	477.0	474.5
Jul	482.5	482.6	488.0	480.0
Oct	487.0	487.7	489.5	487.0
Jan	495.5	493.2	495.5	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	510.4	516.4	0	0
May	512.8	519.0	517.5	510.5
Jun	517.0	[illegible]	516.0	515.0
Jul	521.3	527.5	526.0	519.0
Sep	530.0	536.3	533.5	529.0
Dec	541.8	548.2	546.0	539.0
Mar	553.6	560.1	558.0	555.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	119.70	124.00	121.50	119.70
May	116.70	121.10	120.20	116.60
Jun	112.70	118.65	113.00	0
Jul	109.80	113.10	112.50	109.10
Aug	107.70	111.00	0	0
Sep	105.80	108.80	107.80	105.90
Oct	104.80	107.40	108.10	0
Nov	103.25	106.95	0	0
Dec	102.00	104.50	103.80	102.10
Jan	101.40	103.70	102.80	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	18.75	19.15	19.07	18.64
Jun	19.22	19.66	19.65	19.13
Jul	19.51	19.96	19.78	19.52
Aug	19.88	20.08	20.00	19.82
Sep	20.08	20.22	20.15	19.98
Oct	20.19	20.26	20.23	20.11
Nov	20.27	20.27	20.27	20.15
Jan	20.27	20.27	20.32	20.17

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5360	5371	5390	5360
Jun	5165	5210	[illegible]	5150
Jul	5165	5209	5209	5145
Aug	5245	5295	5280	5225
Sep	[illegible]	5417	5400	[illegible]
Nov	5550	5572	[illegible]	5550
Dec	5635	5660	5660	5615
Jan	5660	[illegible]	5665	5650
Feb	5600	5696	5696	[illegible]

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
May	1258	1281	1280	1247
Jul	1275	1301	1300	1268
Sep	1287	1313	1312	1283
Dec	1302	1326	1326	1302
Mar	1322	1348	1333	1321
May	1365	1360	0	0
Jul	1373	1375	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	97.40	95.67	97.50	95.40
Jul	98.05	97.28	99.30	97.45
Sep	101.10	99.20	101.10	99.40
Dec	103.90	101.38	103.75	101.80
May	108.00	105.25	0	0
Jul	109.80	105.25	0	0
Sep	111.58	107.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	15.46	15.18	15.47	15.05
Jul	15.62	15.31	15.63	15.30
Oct	15.33	15.09	15.35	15.01
Mar	14.33	14.18	14.36	14.12
May	14.15	14.03	14.15	13.95
Jul	14.04	13.90	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	73.10	73.08	73.60	73.05
Jul	72.50	72.50	73.15	72.50
Oct	66.80	66.56	66.80	66.51
Dec	64.90	64.89	65.40	64.81
Mar	66.40	65.79	66.00	0
May	66.00	66.12	66.50	0
Jul	65.50	66.17	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	195.50	196.90	197.95	195.00
Jul	191.70	194.85	194.25	191.20
Sep	187.15	190.00	189.20	187.10
Nov	179.50	182.00	180.50	180.00
Jan	176.00	175.75	0	0
Mar	176.00	175.75	0	0
May	174.05	175.75	175.60	0
Jul	176.00	175.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 9	Apr 6	mnth ago	yr ago
1927.0	1927.8	1906.6	2020.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 6	Apr 5	mnth ago	yr ago
Spot	133.25	133.20	132.95	134.98
Futures	134.31	134.14	134.64	136.32

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	592/0	595/4	597/4	591/4
Jul	606/0	608/4	610/6	605/0
Aug	611/0	612/6	615/2	610/0
Sep	611/0	612/6	616/6	610/4
Nov	616/2	617/4	621/0	616/0
Jan	626/0	627/6	630/4	626/0
Mar	637/0	637/6	640/4	636/4
May	645/0	643/0	647/0	643/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.47	21.77	21.77	21.36
Jul	21.66	21.95	21.92	21.59
Aug	21.59	21.85	21.88	21.59
Sep	21.45	21.67	21.66	21.45
Oct	21.29	21.45	21.40	21.28
Dec	21.25	21.40	21.40	21.23
Jan	21.25	21.35	21.35	21.20
May	21.30	21.05	21.50	21.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	174.8	174.4	175.6	173.8
Jul	178.9	178.1	179.9	177.9
Aug	180.7	180.1	181.5	179.5
Sep	182.4	181.5	183.2	181.6
Oct	183.0	182.2	183.5	182.6
Dec	186.3	185.6	187.0	186.3
Jan	187.5	187.5	188.0	187.0
Mar	191.0	192.0	191.0	190.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	269/2	269/2	270/2	268/2
Jul	271/0	271/0	271/6	269/6
Sep	264/4	264/2	265/0	263/0
Dec	260/2	260/0	261/4	259/0
Mar	266/4	266/2	267/0	264/6
May	268/6	268/4	269/4	268/0
Jul	271/4	271/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	360/4	365/2	370/4	360/4
Jul	338/4	340/6	344/4	338/4
Sep	347/0	346/4	350/0	344/0
Dec	356/0	359/4	362/0	356/0
Mar	363/0	365/4	365/6	363/0
May	370/0	370/0	370/4	368/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.92	79.76	80.00	79.72
Jun	73.92	73.95	74.07	73.87
Aug	72.87	73.00	73.10	72.60
Oct	74.57	74.52	74.65	74.25
Dec	74.65	74.67	74.75	74.40
Feb	74.62	74.67	74.70	74.35
Apr	74.80	74.85	0	74.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	54.87	54.50	55.15	54.27
Jun	59.29	58.55	59.30	58.35
Jul	58.75	58.20	58.75	58.02
Aug	55.85	55.45	57.10	55.30
Oct	51.50	51.02	51.85	50.82
Dec	50.25	50.50	50.90	50.25
Feb	49.10	49.57	49.60	49.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	54.65	54.47	55.40	54.10
Jul	55.20	55.12	55.85	54.75
Aug	53.80	53.90	54.60	53.05
Feb	59.00	59.12	59.50	58.90

LONDON STOCK EXCHANGE

Slow start to Easter week trading

EASTER ARRIVED early on the London stock market yesterday, displaying itself in the form of a painfully slow trading session in equities.

There was still ready support for special situations, but over the broad range of the market there was little sign of interest from the big investment institutions.

The strong upswing in the Nikkei Index could not fully balance the investment implications of the apparent absence of a full commitment by the G7 countries on support for the yen.

An early attempt by UK equities to advance was checked when UK Government bonds turned down on the news of a rise of 0.7 per cent in UK producer output prices last month – rather higher than market expectations. The London equity market found it hard to move up from the current position in its trading range until New York opened in better form, gaining nearly 10 points during stock market trading hours in London.

Account Dealing Dates		
First Dealings:		
Mar 26	Apr 9	Apr 30
Option Declarations:		
Apr 5	Apr 26	May 10
Last Dealings:		
Apr 6	Apr 27	May 11
Account Day:		
Apr 17	May 8	May 21

*New time dealings may take place from 9.00 am two business days earlier.

The final reading showed the FT-SE Index at 2,227.7, a gain for the first day of the new three-week trading account of 6.6. By the afternoon, the market was in somnolent mood.

UK investors purchased BAT Industries throughout the session, and were joined by US buyers towards the close when London was still awaiting the crucial ruling from California's Insurance Department on whether Axa-Midi, the French group, can buy Farmers, BAT's insurance subsidiary, should Hoylake, Sir James Goldsmith's investment vehicle, succeed in its move to take over BAT Industries.

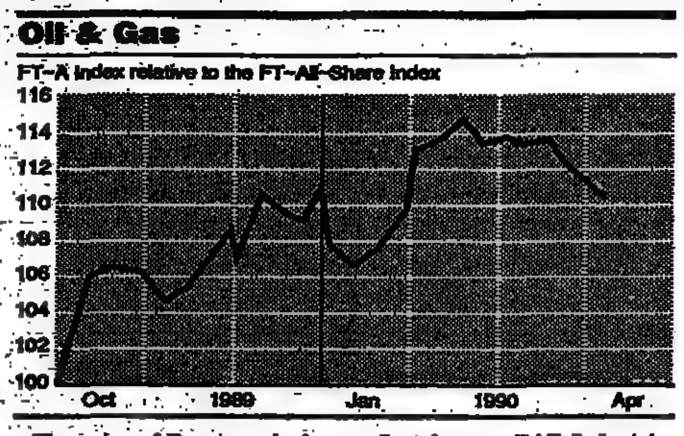
Also reflecting the BAT battle for independence was heavy activity in Argos, the discount store floated by BAT on Friday, busy yesterday afternoon as US holders, who are not taking up the new Argos stock concerned, sold off 8.3m shares of Argos to a US investment bank.

Turnover in Argos represented nearly 10 per cent of total business in the London equity market yesterday.

The newly-awakened property sector also had its excitements, notably in Laing Properties, where Pall Mall, which is bidding for control of the Laing equity, continued to offer to buy shares in the open market.

Outside these special situations, the market was sluggish, with Seaq volume at only 304.6m shares against Friday's 575.3m. Yesterday marked the opening of a three-week trading account – always a cause for uncertainty – and dealers gave other reasons for caution.

This week brings corporate results from some sensitive sectors, beginning today with trading figures from Next, once one of the retailer high-flyers. Later in the week, the market faces the latest data on UK inflation and unemployment, both potentially upsetting for investors.



The price of Brent crude for May delivery continued to slide yesterday.

At Smith New Court, Mr Nick Clayton said: "The recent sharp drop in crude prices reflects market fundamentals which have been deteriorating for some time. OPEC produces too much, stocks are too high and oil prices seem destined to fall further without concerted action by OPEC."

The international blue chips remained subdued as market strategists assessed the implications for the yen and other world currencies of the meeting of G7 ministers.

The apparent absence of a full commitment to stabilise the Japanese currency concentrated attention on currency markets, but the relatively calm performance of leading currencies left most blue chips to trade narrowly around their pre-weekend levels.

The exception was ICI, which advanced 9 to 1093p on the perception that the West German mark is likely to firm against other currencies, and especially against sterling, a trend which would help ICI's European earnings. However, turnover barely reached 300,000 shares.

Glaxo (781p) and Dixons (338p) were a shade easier, while a larger fall in Reckitt & Colman (1153p) reflected the ex-dividend adjustment to the share price. Looking slightly firmer were SmithKline Beecham (497p) and Courtaulds (320p).

Wellcome (708p on turnover of 340,000) made little immediate reaction to the US court ruling in favour of Genentech in the protracted battle between the two pharmaceutical concerns over patent rights on blood-clot dissolving drugs.

In tobaccos, BAT Industries improved 12 to 755p as buyers moved in while the London stock market awaited news of the legal ruling from California on the Axa-Midi bid for Farmers, BAT's US insurance subsidiary.

The firmness of the copper price brought further support for RTZ, which rose 8 to 541p.

A bear squeeze accounted for the rise in ICI, where the shares added 11 at 1095p.

News of a £40m contract from Ealing Health Authority brought a cheer to Takare and the shares put on 5 to 553p in response. Lack of interest left British Vita 5 weaker at 270p.

Sketchley, subject of a £93.4m bid from Compass Group, gained 9 to 272p on vague talk that Compass may increase its offer. Compass shares closed a penny lower at 321p.

Bargain hunters lifted BTR shares, which closed 3 up at 417p after healthy turnover of 3.6m on an otherwise dull day among leading industrial stocks.

A squeeze in SW Wood helped the shares gain 10 to 66p, though it was buying interest ahead of Wednesday's full year results that lifted Kwik-Fit 2 to 82p.

Favourable Sunday press comment and talk of new orders combined to encourage buying activity in Rolls-Royce. The shares gained 4 to 187p as some 5.9m shares were traded.

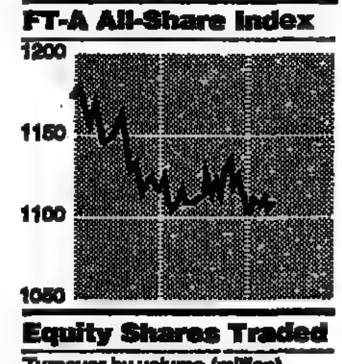
Confirmation that Dowty, the aerospace and electronics group, had won an $800m (£490m) order to supply landing equipment for the Airbus A330 and A340 airliners was appreciated by the market. The shares responded by advancing 8 to 205p.

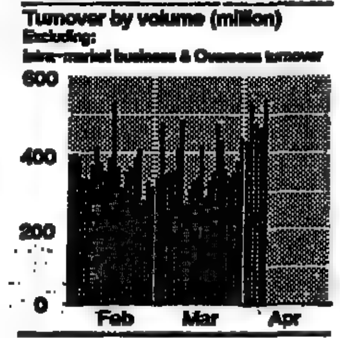
News of firmer metal prices boosted interest in RTZ and the shares closed 8 better at 549p.

"A lot of small sellers" is how one trader described the day's business in NFC, where the shares shed 3 to 134p ex-dividend. Positive sentiment following last week's good results continued in Laird. The shares rose 3 to 247p.

European Leisure, under pressure since last week's bid for Midsummer Leisure, advanced 4 to 64p after Midsummer's board said that in view of the sharp fall in European Leisure's share price it was unable to give a firm recommendation for the bid.

The bid has run into considerable opposition from some quarters. Mr Martin Hawkins, drinks and leisure analyst at Kitcat & Aitken, described the offer as "a curious and miserable deal. It is a 'jam tomorrow' offer and by its unequal terms, gives Midsummer's shareholders no real premium in the bid that could be taken in the market. Holders should totally reject the offer."





Laing Properties advanced 36 to 721p as Pall Mall, the joint vehicle controlled by P & O and Chelsfield, increased its holding to 43.75 per cent from 41 per cent. The sale of 2m shares was by Prudential, the last major institutional shareholder. Pall Mall's 725p cash bid closes on Thursday.

Ibstock Johnsen edged up 2 to 126p after revealing pre-tax profits of £59.04m, compared with £56.31m, in line with expectations. The post-results meeting was said to have been fairly cautious and analysts are expected to pencil in some profits downgrades in the near future.

Rush & Tompkins became the latest in an ever-growing list of property development/building groups to run into trouble. The company's shares, extremely volatile in the past few weeks, plunged from an overnight level of 125p to 33p at one point, before rallying to 63p and being suspended at the company's request.

Rush & Tompkins said well after the market closed that its results for the year ended March 1990 would show "a significant deterioration compared with the preceding year."

Talk earlier in the market was that the company had been unable to meet contracted payments. Marketmakers were said to be determined to avoid taking on stock as the share price spiralled downwards.

A trader noted: "It is a similar situation as with Kentish Property, Wiggins and Federated Land, the housebuilder; shares in all three plummeted on stories they were in trouble, before they were suspended. No one wants to be caught out again."

West Germany's Hochtief has a 22 per cent holding and Singapore Land a 14.9 per cent stake in the group.

The rest of the building sector braced itself for the flood of results from many of the leading building companies over the next three days.

British Telecom staged a welcome rally, having been upset last week by political worries. The shares moved up 4½ to 268p on 2.5m after Mr Nick Measham of UBS Phillips & Drew adjusted its profits forecasts for the next three years. UBS lowered its projection for this year by £577m to £2.1bn but increased its forecasts for 1991 and 1992 "to reflect a 10,000 fall in the core workforce in each year versus our previous assumption of a 5,000 a year fall." UBS has pencilled in earnings per share of 22.4p for 1990, 31.3p for 1991 and 34p a share for 1992.

Mr Measham also took the view that BT should account for its group reorganisation by taking an exceptional charge in its 1990 fourth-quarter figures. This, Mr Measham said, would "remove uncertainty, underscore BT's commitment, reduce, if not eliminate scepticism and focus attention on future earnings per share benefits."

The food retailers were waiting for the release of Tesco final results tomorrow. Profit forecasts range between £315m and £359m, against £276m last time. Tesco was up 3 at 200p. Argyll and Asda saw an increase in turnover which analysts thought could be due to institutions buying after the recent weakness of the food retailers. Argyll was unchanged at 208p on 1.6m, while Asda was also unchanged at 104p on 1.9m.

Signs that some institutions may be lightening their holdings depressed a selection of shares in the stores sector. GUS "A" slipped 15 to 957p, while Sears eased a penny to 93p and Storehouse 2 to 113p. The market was also nervously waiting for Next's final results today. Speculation that Next may pass on a dividend payment pushed it 4 lower to 79p. Analysts' loss estimates range from £10m to £25m.

It was a dull day among brewing stocks. Shares in Grand Metropolitan gave up 4 to 580p, having touched 577p, on press speculation that GrandMet's recent pub swap deal with Elders might be referred to the UK Monopolies and Mergers Commission.

The market paid little heed to the £33m sale of Vladivar Vodka by stakeholders Greenall Whitley and Scottish & Newcastle. Having gained 2 to 328p with the market, Greenall shares lost momentum and the price faded to leave the shares 4 down at 323p. However, Scottish & Newcastle shares moved with the market to close 3 up at 291p.

■ Other Market statistics, including the FT-Actuaries share index, Page 23

Argos busy on US sales

TRADING IN Argos, the catalogue showroom retailer recently spun off from BAT Industries as part of a demerger plan, accounted for nearly 10 per cent of the total London market turnover as a large block of its shares were sold off in the US.

The Bank of New York conducted an auction of 8.3m Argos shares yesterday for US depositary banks, which hold BAT shares against American Depositary Receipts. The shares were said to have been bought by one US broker.

Argos shares in London moved strongly ahead as the US auction took place. At first, dealers said that 10.8m shares had been sold. The uncertainty continued when 15m shares in three large blocks showed up on the Seaq ticker soon after the auction was over, which some dealers said may have been the first signs of US holders selling into the London market.

Market observers said that the Argos shares had been sold at 202⅝p, all to Goldman Sachs, an advisor to BAT. Goldman refused to comment on the suggestions that it had been the sold buyer. Speculation that Hoylake had sold its holdings of Argos also unsettled the market.

Argos eventually closed at 205½p up 3½ on its second day as a quoted stock and traded a total of 30m shares.

Mowlem unease

Construction group John Mowlem caused unease in the market early in the session by announcing preliminary profits down 63 per cent from £59.5m to £22m, after taking account of a £33m provision for the London City Airport, a move the group warned about some seven weeks ago.

Mowlem shares eased to 330p, but later picked up on some determined buying on the back of the dividend to close a net 4 higher at 335p. Mowlem proposes an increase in the year's total from 19.5p to 21p, a rise of 7.7 per cent.

Mr Furrukh Hasan of Shearson Lehman Hutton said there was a great temptation to buy the shares for the yield on the final dividend alone. Over the longer longer term, he expected Mowlem shares to underperform.

The oils sector managed to record some minor gains, but dealers and analysts continued to complain about the poor outlook and low levels of turnover in the sector.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (36). BRITISH FUNDS (8) BUILDINGS (1) CHEMICALS (2) ELECTRICALS (2) ENGINEERING (4) FOODS (2) INDUSTRIALS (2) Jardine Hldgs., Just Rubber; NEWSPAPERS (1) PAPERS (1) PROPERTY (2) TRANSPORT (1) TRUSTS (2) OILS (1) THIRD MARKET (2).
NEW LOWS (175). BRITISH FUNDS (1) AMERICANS (2) BANKS (1) BREWERS (8) BUILDINGS (13) CHEMICALS (3) STORES (14) ELECTRICALS (8) ENGINEERING (9) FOODS (12) HOTELS (1) INDUSTRIALS (36) Airey, BSS, Bardon, Senior, Bespak, Bilston & B'sea, Boots, Bridgend, Bridon, Clayhithe, Coalit, Courtney, Pope, Dean & Bowes, EOC, Elders IXL, Eteco, Grampian, Granada, Hadleigh Inds., Halma, Hampson 6.5p (Net) Prf. '91/03, Harris (Ph.), Hunting 81/4pc Pf., Kingsgrange, Lynx, Macfarlane, Mayborn, Metsec, Norton, Pacer Systems, Page (Michael), Parkfield, Porth, Record Hldgs. Ropner, SI Group, Securicour Grp., Do. "A" NV, Security Servs., Select Appnts., Stag Furniture, Sthn. Bus. Grp., Sykes-Pickavant, T & N, Worcester, Wyndham, INSURANCE (1) LEISURE (6) MOTORS (4) NEWSPAPERS (5) PAPERS (8) PROPERTY (3) TEXTILES (2) TRANSPORT (1) TRUSTS (17) WATERS (5) PLANTATIONS (1) MINES (2) THIRD MARKET (8).

FINANCIAL TIMES STOCK INDICES

	Apr 9	Apr 6	Apr 5	Apr 4	Apr 3	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	77.20	77.45	77.64	77.25	76.82	86.16	84.20 (2/1)	76.91 (21/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.00	86.32	86.53	88.17	86.02	97.16	92.91 (8/1)	85.12 (23/3)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1742.3	1740.2	1756.3	1749.7	1761.3	1669.4	1968.3 (3/1)	1740.2 (6/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	257.4	256.0	258.0	257.4	258.5	187.2	378.5 (6/2)	253.4 (2/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2227.7	2221.1	2239.5	2231.6	2240.7	2025.0	2463.7 (3/1)	2216.0 (6/3)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.14	5.13	5.08	5.10	5.07	4.61				
Earning Yld %(full)	11.87	11.93	12.08	12.13	12.07	11.21				
P/E Ratio(Net)(☆)	10.23	10.17	10.01	9.96	10.02	10.78				
SEAQ Bargns 4.45pm	21,968	37,426	34,007	35,200	35,284	24,973				
Equity Turnover(£m)†	-	949.64	1142.09	873.19	1007.10	991.02				
Equity Bargains†	-	38,873	36,688	38,130	39,241	28,193				
Shares Traded (ml)†	-	539.9	464.4	476.2	521.4	412.6				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.13

Ordinary Share Index, Hourly changes — Day's High 1742.4 — Day's Low 1736.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1736.9	1738.2	1740.7	1741.2	1740.3	1740.2	1740.5	1739.7	1742.1

FT-SE, Hourly changes — Day's High 2227.9 — Day's Low 2218.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2222.1	2222.4	2225.9	2226.3	2225.1	2225.0	2225.2	2223.1	2227.5

GILT EDGED ACTIVITY

Indices*	Apr 6	Apr 5
Gilt Edged Bargains	85.6	84.7
5–Day average	82.9	82.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index: Tel. 0898 123001.

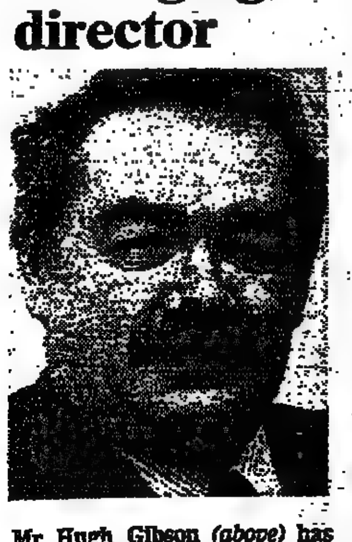
TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1,900	183		Cookson	497	191½	+1½	MB Group	178	201	+1	Siebe	87	461	+2
ASDA Group	1,600	104		Courtaulds	259	320		MEPC	203	516	+7	Slough Ests	370	307	+6½
Abbey National	846	183	-1	Dalgety	71	376	+3	Manpower	85	84	-1	Smith (W.H.) A	167	283	-8
Allied-Lyons	373	490		Dixons	1,200	118	-1	Marks & Spencer	2,600	202	+3½	Smith & Nephew	315	122	+1
Amstrad	1,000	70		ECC Group	78	399	+2	Maxwell Comm.	691	198	+2	SmKl Beecham	783	496	+1
Anglian Water	715	148		Enterprise Oil	507	619	+3	Mecca Leisure	3,400	70	-2	SmKl Beecham Units	4	2263	-15
Argos	30,000	205½	+3½	FKI	554	68	+½	Midland Bank	613	339	+½	Smiths Inds.	127	232	-1
Argyll Group	1,900	208		Ferranti	973	45	+1	NatWest Bank	868	347	+2	South West Water	606	153	+1
Ass. Brit. Foods	16	399	+1	Fisons	1,300	337	-3	Next	3,500	79	-4	Southern Water	89	137	-1
BAA	241	387	+1	Gen. Accident	313	1019	-11½	North West Water	525	149	-1	Standard Chartd.	640	538	+1
BAT Inds.	328	755	+12	General Elect.	1,500	194		Northern Foods	16	285		Storehouse	3,200	113	-2
BET	382	223	+1	Glaxo	1,200	785		Northumbrian Water	76	156	-2	Sun Alliance	584	299	
BICC	1,200	434	+2½	Globe Inv	221	168	+2½	Pearson	47	672	+½	Sun Life	49	1255	+7½
BOC	356	620		Glynwed Int.	304	254		P & O	517	578	+9	T&N	846	159	+½
BPB Inds.	535	224		Granada	111	258	+1	Pilkington	460	207	+1	TI Group	49	453	
BTR	3,600	417	+3	Grand Met.	897	580	-4	Polly Peck Intl.	2,700	391	+13	TSB	667	135	+½
Barclays	899	573	+1	GUS A	625	957	-15	Prudential	707	199		Tarmac	968	230	+3
Bass	205	940	+3	GRE	200	220	-1½	RHM	170	389	+4	Tate & Lyle	598	276	+2
Beazer	213	145	+1	GKN	592	412	+2	RMC	663	640	+1	Taylor Woodrow	1,000	249	-2
Berisford Int.	141	143		Guinness	765	653	-5	RTZ	1,500	549	+8	Tesco	1,600	200	+3
Blue Circle	559	216	+4	Hammerson "A"	24	739	+10	Racal	2,500	191	+2	Thames Water	1,000	137	-1
Boots	2,700	283	-1	Hanson	1,700	233	+½	Racal Telecom	197	349	+3	THORN EMI	87	657	
Brit. & Comm.	254	59	+1	Hanson Warrants	17	56	+1	Rank Org.	190	740	-2	Trafalgar House	279	323	+6
Brit. Aerospace	1,200	518	-1	Harrisons Cros.	777	154	-1	Reckitt & Colman	101	1150		Trusthouse Forte	898	283	+2
British Airways	1,800	200		Hawker Sidd.	117	608		Redland	363	551	+6	Ultramar	189	339	+2
British Gas	5,500	205½	+5½	Hillsdown	796	230		Reed Intl.	647	400		Unigate	157	290	+1
British Land	1,000	381		IMI	408	228	+1	Reuters	261	1138	+4	Unilever	521	654	+1
BP	4,600	318½	+1½	ICI	404	1095	+11	Rolls Royce	5,900	187	+4	United Biscuits	677	325	+1
British Steel	1,000	142		Inchcape	214	259	+½	Rothmans	151	640	+5	Utd. Newspapers	130	348	+1
British Telecom	2,500	268	+4½	Kingfisher	294	296		Ryl Bk Scotland	67	186		Water Package Uts.	1	£1458	+8
Bunzl	149	92	-½	Ladbroke	788	289	+2	Royal Insurance	444	461	-2	Wellcome	391	705	-5
Burmah Oil	66	823	+3	Land Securities	1,100	504	+7	STC	309	283		Welsh Water	225	170	
Burton	218	183	+1	Laporte	13	628	+1	Saatchi	358	134	+2	Wessex Water	234	144	-2
Cable & Wire.	654	525	+6	Legal & General	218	375	-2	Sainsbury	588	252	+3	Whitbread "A"	547	378	+1
Cadburys	438	325	+1	Lloyds Abbey	85	305	-5	Scottish & New.	587	292	+3	Williams Hldgs.	239	289	
Calor Group	19	277		Lloyds Bank	601	286		Sears	899	93	-1	Willis Faber	257	283	+8
Carlton Comms.	182	542	+3	LASMO	230	604	+3	Sedgwick	497	250	+2	Wimpey	18	241	
Coats Viyella	1,100	124	-1	Lonrho	1,600	263		Severn Trent Water	1,800	130	+1	Yorkshire Water	382	166	+1
Comm. Union	844	485	+4	Lucas	174	611	+1½	Shell Transport	1,900	460	+5				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

APPOINTMENTS

Rolls Wood managing director



Mr Hugh Gibson *(above)* has been appointed managing director of ROLLS WOOD GROUP, joint venture between Rolls-Royce and John Wood Group for the repair and overhaul of Rolls-Royce industrial Avon, Olympus and RB211 gas generators. He was managing director of Wood Group Gas Turbines. Mr Bill Reid, sales director of Wood Group Gas Turbines, has been appointed director - sales and marketing of Rolls Wood Group.

■ FERROMET GROUP has appointed to the board Mr D. Hillel as finance director, and Mr G.F. Barber as company secretary. Mr J.P. Gorman, director and company secretary, has resigned.

■ GRAMPIAN HOLDINGS has appointed Mr James B. Marshall, who was with Arthur Young, as a non-executive director.

■ Mr P.J. Christmas has been appointed company secretary of BANQUE NATIONALE DE PARIS, London.

■ Mr Morris Abbott has been appointed chairman of TRINITY REINSURANCE (UNDERWRITING MANAGEMENT), following the resignation of Mr John Beer. Mr Abbott is a previous chairman of the Hogg Robinson Group.

■ Mr John Burrows has become managing director of CIBA-GEIGY INDUSTRIAL CHEMICALS, Manchester, and a member of Ciba-Geigy's UK group management committee. He was general manager, water treatment business, and succeeds Dr James Grigor who retired at the end of March.

■ Mr Terry Scott has joined SULZER (UK) BUILDING SERVICES as managing director. He was a director of Matthew Hall.

■ PROLIFIC FINANCIAL MANAGEMENT has promoted Mr Martin Fox from life marketing manager to marketing development director in the life and pensions marketing division. Mr Alan Falkingham, previously life marketing development manager, becomes life and pensions marketing manager.

■ Mr Mark Collins has been appointed finance director and company secretary of BROOKE TOOL ENGINEERING. He was a director and chief accountant at Sheffield Insulations, and succeeds Mr Mike Childs who has been made chief executive of Brooke Tool's cutting tool and distribution companies.

■ LILLESHALL, Newbury, has appointed Mr Steven Auld as managing director of Allthread International, industrial fastener distribution subsidiary. He was commercial director of M.B.S. Distribution, an RTZ subsidiary.

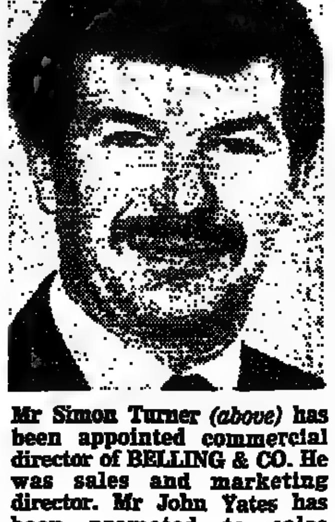
■ VTECH ELECTRONICS has promoted Mr Sid Heyde from sales and marketing director to general manager, VTech UK. He remains responsible for sales and marketing.

■ Mr G.E.M. Brown has been appointed a director of HARRISONS & CROSFIELD. He is president director of London Sumatra Indonesia, and will become responsible for all the plantation interests of Harrisons & Crosfield, including those in Papua New Guinea.

■ Mr Geoffrey John Rushbrook, Mr David Straker-Smith, and Mr James Wilmot-Smith have been appointed directors of GERRARD AND NATIONAL.

■ Mr Roger Wood, group finance director of Burmah Oil, has been appointed to the board of GARTMORE VALUE INVESTMENTS.

■ T.I.P. EUROPE has re-appointed Mr Robert Smith as a non-executive director. He is chief executive of Morgan Grenfell Development Capital. Mr Smith was a non-executive director of T.I.P. in 1986 when managing director of Charterhouse Development Capital which backed T.I.P.'s management buyout. He resigned last year.



Mr Simon Turner *(above)* has been appointed commercial director of BELLING & CO. He was sales and marketing director. Mr John Yates has been promoted to sales director from sales manager.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
25¼	21½	Treas. 2½pc	22¼	-⅛	11.27	-

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
35¼	27¼	Campbell Soup 15c	32¾	+¼	$1.00	-	1.8
21¾	15¾	Chase Manhattan $12½	17⅜	+¼	$2.36	-	8.3
19¼	14	Chem. Banking Corpn.	14		$2.72	-	11.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	239	ANZ SA1	241	.....	44c	1.4	8.2	8.6
196	172	Abbey National 10p	193	–1	5.7	4.3	3.9	7.8
282	238	Allied Irish Ord	262	+3	4Q68%	3.3	3.1	13.5
£13¼	£11⅞	Algemene Fl.10	£12⅞	–⅛	Q28%	2.0	7.2	6.9
85	73	Anglo Irish	83	.....	Q18.7%	2.7	5.4	11.2
81	71	Ansbacher (H.) 1p	72	–1	2.5	1.3	4.6	20.7
£70½	£54¼	Bancaire Cie Fr100	£68¼	–2	Q12¼%	–	2.0	–
£22⅝	£16⅝	Banco Bilbao Viz	£16⅝		Q17.9%	2.0	4.3	11.5
£31	£24¼	Banco de Santander	£24¼	.....	Q29%	2.4	4.7	8.9
286	248	Bank Ireland Ir£1	262	+1	Q12%	3.2	4.4	9.0
£19½	£18	Bank Leumi	£19½		–	–	–	–
350	320	Bank Leumi (U.K.)	345	.....	†15.5	–	5.2	–
125	112	Bank Scotland	112	–1	†3.8	3.6	4.5	8.1
100¾	90	Do. 9¼pc Irrd Pf	92½	.....	9¼%	–	13.3	–
54	52	Bank of Wales	52	.....	2.8	1.6	7.2	10.9
599	539	Barclays £1	573	+1	27.4	3.5	6.4	5.7
22	16	Benchmark 20p	16	+¼	1.63	1.0	13.5	9.2
335	310	Brown Shipley £1	315	.....	†10.5	–	4.4	–
455	403	Cater Allen £1	404	.....	23.5	–	7.8	–
179	149	Chancery	170		†8.0	2.8	6.3	7.5
£23¾	£19⅞	Commerzbk DM10	£21	–⅞	Q18%	–	3.1	–
£27	£25⅞	C'hgn Hbk Kr100	£24¾	+¼	Q15%	–	5.6	–
£13¼	865	Dai Ichi KBk Y50	894	–3	Q10%	8.8	0.3	34.2
£313⅞	£262¼	Deutsche Bk DM50	£289¾	–2½	Q28%	–	1.8	–
£20⅞	£19	Espirito Santo	£20	+¼	Q75c	3.3	2.3	13.6
253	211	First Nat. Fin. 10p	228	.....	13.0	2.4	7.6	7.0
121	106	FNFC 6.5pc Cv. Pf	116	–2	6.3%	–	7.2	–
£15¼	953	Fuji Bank Y50	999	–46	Q15.6%	4.2	0.3	–
325	269	Gerrard & National	279	–2	18.5	–	8.8	–
154	146	Guinness Mahon 10p	146	.....	2.1	–	1.9	–
328	264	Hambros 20p	271	+2	†10.0	–	4.9	–
128	106	Do. 7.5pc Cv Pf	107	–1	7½%	–	9.3	–
59	53½	HK & Shang HK$2.50	54		Q43c	–	6.1	–

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

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MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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TRUSTS, FINANCE, LAND

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Finance, Land, etc

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OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

MINES—Contd

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
20½	14	◆New Sabina Res C$1	14½	.....	—	—	—
457	353	Northgate C$1	367	+14	9	—	—
39¾	11	◆Nor-Quest Res	13½	+1	—	—	—
93	71	Plateau Mining 20p	71	.....	—	—	—
605	501	RTZ 10p	549	+8	18.5	♦	4.5
14	6	◆Thorco Res Inc	13	.....	—	—	—
178	153	◆Young Group 10p	153	.....	7.8	2.7	6.8

THIRD MARKET

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
74	43	ASB Barnett 2p	43	.....	1.0	4.8	3.1	8.5
5	2½	Amercom Energy 10p	4¾	.....	—	—	—	—
30	17	Analysis Hldgs 20p	17	.....	—	—	—	—
53	33	Andaman Res. 10p	36	+3	—	—	—	—
95	85	Associated Farmers	88	.....	—	—	—	38.9
20½	13½	Automobiles of Dist. 5p	18½	.....	—	—	—	—
1½	1	Barbican Hldgs. 1p	1	.....	—	—	—	27.9
45	35	Biocure 1p	45	+2	—	—	—	—
40	30½	Blackland Oil 10p	31	.....	—	—	—	—
18	14	Burmin Exploration	15	.....	—	—	—	—
220	215	Cafe Inns £1	220	.....	—	—	—	39.5
22	11	Caldwell Invs. 10p	15	.....	—	—	—	—
16½	13	Caspen Oil 10p	15	+½	—	—	—	♦
95	72	Chelsea Artisans 5p	79	.....	1.0	—	1.7	—
24	10	ChemEx Intl.	13	.....	—	—	—	—
215	215	Chyborn Storage Serv.	215	.....	—	—	—	—
21	14	Courtyard Leis. 5p	17	.....	—	—	—	7.3
110	75	Crown Eyeglass 5p	75	.....	—	—	—	7.9
23	15	Dana Expl.	15	.....	—	—	—	—
19	13	Edencorp Leisure 5p	13	−1	±0.38	5.1	3.9	5.3
36	25	Edinburgh Hib. 2p	26	.....	—	—	—	—
65	51	Eglinton Expl. Ir 50p	51	−2	—	—	—	—
16	12	Do. Wrrnts	12	−2	—	—	—	—
18	11	Far East Res. 10p	15	−1	—	—	—	—
125	115	Fast Forward Inns	120	.....	—	—	—	—
45	30	Feltrim Min.Ir0.20	30	.....	♦	—	—	—
55	36	Glencar Explm.	38	+2	—	—	—	—
225	132	Haemocell 1p	132	.....	—	—	—	—
60	46	Hartley Baird 5p	46	.....	0.75	5.9	2.2	9.0
100	95	Hillclare 5p	100	.....	—	—	—	15.0
17	7½	Honorbilt Group 5p	7½	−½	—	—	—	♦
75	65	Hoskins Brewery 50p	75	.....	—	—	—	7.6
74	62	Intercare Group 2½p	62	.....	—	—	—	13.3
•15	5	Intl. Comm & Data 5p	14	+½	—	—	—	—
45	22	Ivernia West	39	+1	—	—	—	—
97	74	Kells Mins. Ir5p	96	+4	—	—	—	—
38	16	Kemp (P.E.) 5p	18	.....	—	—	—	—
9	5	Kromagraphic 1p	5	.....	—	—	—	4.4
81	74	LGW 5p	74	.....	2.0	3.6	3.6	10.4
57	29	Leading Leisure 5p	32	.....	†2.0	3.0	8.3	5.1
398	288	M.L. Labs. 1p	298	.....	—	—	—	—
43	36	Malaya Group 10p	36	.....	L2.0	3.4	7.4	5.2
80	67	Mid-States 10p	67xr	.....	—	—	—	—
6¼	5	Moray Firth 1p	5	.....	—	—	—	—
45	30	Navan Resources	34	−1	—	—	—	—
57	43	Ovoca Gold IR 2p	43	−3	—	—	—	—
73	48	Oxford Virology 5p	48	.....	—	—	—	—
25	17	Pennant Grp. 2p	25	.....	¢0.2	—	1.1	—
76	61	Poddington 5p	74	+1	—	—	—	—
118	95	Ramsden's (Harry)	95	.....	L4.5	♦	6.3	♦
60	43	Rentaminster 5p	43	−1	±1.85	2.8	5.7	8.5
14	11	Scott Pickford 10p	14	.....	±0.38	3.8	3.6	9.4
38	24	Sempernova	24	.....	—	—	—	5.3
31	24	Sleepy Kids 5p	30	.....	—	—	—	—
2¾	1½	Swanyard Studios 1p	1½	.....	—	—	—	8.4
94	69	Tomorrows Leisure 20p	69	.....	—	—	—	26.2
55	35	UPL Group 10p	45	−2	‡2.75	1.9	♦	8.5
167	128	Unit Group	167	+1	5.0	3.3	4.0	9.5
89	77	Video Magic Leis. 1p	77	.....	W2.0	0.7	3.5	61.7
5¼	4	Vista Ents 5p	4½	.....	—	—	—	—
18	15	Vizcaya Hldgs 5p	15	.....	—	—	—	—
43½	32	Whitegate Leisure 20p	32½	−1	0.25	1.7	1.0	69.5
29	15	Do. Wrrnts	15	.....	—	—	—	—
5¾	4	Wilton Group 1p	4½	−¼	—	—	—	—

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	78	−2
Craig & Rose £1	810	.....
Finlay Pkg. 5p	57	.....
Holt (Jos) 25p	1330	−5

IRISH

Stock	Price	+ or −
Cap 8½% Ln. 1991	£96½	+¼
9pc Cap Ln. 1996	£92½	.....
Fin. 13% 97/02	£110	+1
Arnotts	450	.....
Carrol (P.J.)	162	+2
Hall (R. & H.)	139xd	+8
Helton Hldgs.	75	−5
IRG	215d	.....
United Drug	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	98
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Stock	p
Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Stock	p
Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines

Stock	p
Lonrho	22
RTZ	45

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	51.81	52.54	56.04	-0.39	0.20
(Accum Units)	5	53.32	54.07	57.67	-0.40	0.20
European Opps	5	78.39	78.67	83.91	+0.12	0.00
(Accum Units)	5	78.82	79.11	84.37	+0.12	0.00
Far Eastern Opps	5	132.77	133.05	141.91	+1.22	0.00
(Accum Units)	5	133.62	133.90	142.82	+1.23	0.00
Golden Opps	5	40.37	40.37	43.05	+0.65	0.00
(Accum Units)	5	41.52	41.52	44.28	+0.66	0.00
Intl Hi-Yield	5	59.80	59.80	63.81	+0.19	4.32
(Accum Units)	5	65.19	65.22	69.56	+0.21	4.32
Sanyo Japan Tst	5	62.69	62.69	66.86	+1.57	0.00
(Accum Units)	5	62.69	62.69	66.86	+1.57	0.00
Kangaroo	5	30.54	30.54	32.56	+0.24	1.28
(Accum Units)	5	30.71	30.71	32.75	+0.25	1.28
Oriental Income	5	32.93	32.99	35.18	+0.05	4.97
(Accum Units)	5	37.41	37.49	39.98	+0.07	4.97
Pacific Technology	5	61.76	61.76	65.87	+0.82	0.00
(Accum Units)	5	62.26	62.26	66.40	+0.83	0.00
Tiger	5	149.86	149.86	159.86	+8.02	0.69
(Accum Units)	5	152.20	152.20	162.34	+0.03	0.69
UK Hi-Yield	5	43.04	43.04	45.90	-0.45	4.98
(Accum Units)	5	49.21	49.21	52.48	-0.52	4.98
UK Opps	5	53.95	56.46	60.38	+0.18	0.70
(Accum Units)	5	58.70	61.43	65.70	+0.20	0.70
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	6	91.02	92.75	98.67	+0.09	4.00
Timberlake Unit Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 01 407 5966						
Portfolio	2	97.44	97.44	100.3	(z)	1.2
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing – 12 Noon Historic						
TR American Gwth	5¼	47.47	47.47	50.63	-0.05	0
TR Eur Sp Sits Acc	5¼	44.69	44.69	47.61	+0.12	0
TR Eur Sp Sits Inc	5¼	43.82	43.82	46.69	+0.13	0
TR Far East Opps Inc	5¼	23.57	23.57	24.90	-0.02	–
TR Far East Opps Acc	5¼	23.57	23.57	24.90	-0.02	–
TR General Growth	5¼	72.98	72.98	77.63	+0.36	2.63

	Bid Price	Offer Price	+ or -	Yield Gr's
NM Rothschild Asset Management Ltd				
NC Managed	56.6	60.3	-0.1	3.79
NC Property	191.9	209.7	—	–
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	—	3.58
Stewart Ivory & Co Ltd				
Select PPP Mar 14	259.5	269.0	—	0.00
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Apr 2	100.59	107.47	—	3.85
(Accum Units)	101.50	108.33	—	3.85
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1198	1214	—	1.49
TR Exempt Nth Amer	977	989	—	3.29
TR Exempt Pac Basin	835	847	—	0

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gr's
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Mar 9		169.5	—	–
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	298.6	314.4		–
Equity Ser. 1	128.4	135.2	+0.7	–
Prop. Acc. Ser 2	460.3	484.6		–
Equity Ser 2	148.9	156.8	+0.7	–
Selective Acc.	340.7	358.7	+1.0	–
Prop. Ser. 4	360.6	379.6		–

OTHER UK UNIT TRUSTS

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	101.5	106.4	-0.4	-
Managed Growth	138.0	145.3	+0.6	-
Managed Opportunity	141.3	148.8	+1.5	-
NFMC Target Financial	100.5	105.8	-0.5	-
Pension Funds				
Managed Cautionary	106.5	112.2	-0.2	-
Managed Growth	142.2	149.7	+0.7	-
Managed Opportunity	142.9	150.5	+1.3	-
NFMC Target Mngd Pens	1495.6	1574.4	+3.6	-

National Mutual Life
The Priory, Priory Pk, Hitchin SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	219.9	231.5	—	-
Managed Prospect Fund	184.5	194.3	—	-
Pens Managed	287.8	303.0	—	-
Pens UK Equity	334.8	352.5	—	-
Pens Overseas Equity	409.1	430.7	—	-
Pens Property	148.1	155.9	—	-
Pens Fixed Interest	169.9	178.9	—	-
Pens Index Linked	143.0	150.6	—	-
Pens Deposit	192.9	203.1	—	-
Harvester & P.R.P.				
UK Equity	146.3	154.1	—	-
Overseas Equity	146.4	154.2	—	-
Fixed Interest	116.1	122.3	—	-
Property	123.3	129.8	—	-
Index Linked	130.0	136.9	—	-
Deposit	133.9	141.0	—	-
Managed	145.0	152.7	—	-
With Profits	136.8	144.0	—	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	335.3	353.0	+0.1	-
UK Equity	423.5	445.8	-0.2	-
Overseas Eq	355.9	374.7	-0.1	-
Americas	265.6	279.6	-1.6	-
Far East	367.6	387.0	+6.3	-
Property	217.5	229.0	—	-
Fixed Int	211.6	222.8	-0.4	-
Indexed Gilt	136.3	143.5	+0.3	-
Deposit	161.8	170.4	+0.1	-
Pension Fund (Accum Units)				
Managed	454.6	478.6	+0.3	-
UK Equity	526.7	554.5	+0.7	-
Overseas Eq	579.2	609.7	+0.1	-
Americas	351.8	370.4	-3.0	-
Far East	605.5	637.4	+11.1	-
Property	268.5	282.7	+0.1	-
Fixed Int	255.0	268.5	-0.4	-
Indexed Gilt	149.5	157.4	+0.3	-
Deposit	218.0	229.5	+0.3	-
NPI Pensions Management Ltd				
Managed Fund	1067.1	1086.2	—	-

Prices April 1 Next dealing May 1

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	64.6	68.0	+0.1	-
Stock Market Mngd Fund	63.3	66.7	+0.2	-
Equity Fund	67.0	70.5	—	-
International Fund	61.2	64.4	+0.2	-
European Fund	74.6	78.6	+0.1	-
North American Fund	59.3	62.4	-0.2	-
Pacific Fund	64.0	67.3	+0.5	-
Property Fund	86.7	91.2	—	-
Fixed Interest Fund	49.3	51.9	-0.2	-
Index linked Sec Fund	56.1	59.1	+0.1	-
Deposit Fund	62.0	65.3	+0.1	-
NUAM Retirement Plans				
Mixed Fund	69.8	73.5	+0.1	-
UK Ordinary Share Fd	77.4	81.4	—	-
International Fund	65.1	68.6	+0.3	-
Property Fund	84.7	89.2	—	-
Fixed Interest Fund	57.2	60.3	-0.1	-
Index Linked Sec Fund	58.9	62.0	+0.3	-
Deposit Fund	70.7	74.4	+0.1	-
NUAM (MF)				
Managed Fund	909.4	957.3	+0.5	-
Equity Fund	1832.5	1929.0	-0.3	-
International Fund	161.3	169.8	+0.6	-
Property Fund	547.7	576.6	+0.2	-
Fixed Interest Fund	368.8	388.3	-1.7	-
Index Linked Sec Fund	57.1	60.2	+0.3	-
Deposit Fund	254.5	267.9	+0.2	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	100.04	105.31	+0.09	-
Managed Fd	90.21	94.96	+0.09	-
UK Ord Share Fd	89.86	94.59	-0.03	-
International Fd	91.49	96.31	+0.46	-
European Fd	107.26	112.91	+0.08	-
North American Fd	90.49	95.26	-0.19	-
Pacific Fd	81.40	85.69	+0.85	-
Property Fd	99.49	104.73	+0.04	-
Fixed Int Fd	89.13	93.82	-0.28	-
Intl Bond Fd	91.39	96.21	-0.13	-
Deposit Fd	100.25	105.53	+0.09	-

Providence Capital Life Asse. Co Ltd — Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
UK Managed Initial	114.0		+0.4	-
Property Initial	166.3		—	-
Money Initial	79.7		+0.1	-
Special Market Initial	131.8		-0.7	-
Japan Equity Initial	97.9		+7.6	-
North American Initial	83.4		—	-
Pacific Initial	78.2		+0.6	-
Technology Initial	89.3		+0.1	-
Nat Resources Initial	56.9		-0.2	-
European Initial	108.9		+1.9	-
Residential Prop Init	99.4		—	-
Swiss Equities Initial	37.3		+1.5	-
Hong Kong Initial	49.6		—	-
UK High Inc Eq Init	67.2		+0.1	-
Int Fixed Interest Init	49.0		+0.2	-
Int Managed Init	56.5		+0.1	-
HIP Managed Init	112.6		+0.3	-
HIP Managed II Initial	97.7		—	-
Broker Funds				
High Performance	74.7	78.7	+0.1	-
Towerhill Mngd Fd Acc	49.2	51.8	-1.2	-
YRA Executive Fd	93.0	98.1	+1.0	-
£ Global Growth Acc	130.5	137.6	—	-
£ High Income Money Acc	111.4	117.7	—	-
IM Balanced	55.1		+0.1	-
H F Speculator Fd	152.6		-2.5	-
PEP Acorn II	120.8		-0.3	-
PEP Cautionary	86.0		-0.6	-
AAFS Int Man Fund	118.4		-0.7	-
Andrews-Green Inv Port	97.8		—	-
Individual Pension Funds				
UK Equity Acc	218.0	230.0	-0.2	-
UK Fixed Interest Acc	174.1	183.7	-0.4	-
Intl Equities Acc	249.7	263.5	+1.7	-
UK Managed Acc	179.5	189.3	+0.3	-
Property Acc	209.0	220.5	—	-
Money Acc	138.0	145.6	+0.1	-
Special Market Acc	264.0	278.5	+1.3	-
Japan Equity Acc	198.4	209.3	+8.2	-
North American Acc	130.0	137.2	-0.3	-
Pacific Acc	191.3	201.8	+1.0	-
Technology Acc	146.1	154.2	+0.9	-
Natural Resources Acc	112.1	118.3	+0.1	-
European Acc	146.1	154.2	+0.9	-
Residential Prop Acc	109.3	115.4	—	-
Swiss Equities Acc	38.5	40.7	+1.0	-
Hong Kong Acc	51.8	54.7	—	-
UK High Inc Equ Acc	74.2	78.3	-0.2	-
Int Fixed Interest Acc	52.3	55.2	+0.1	-
Int Managed Acc	60.3	63.6	+0.4	-
Group Pension Funds				
Equity Acc	813.3	838.5	+2.3	-
Fixed Interest Acc	525.9	542.2	—	-
Managed Acc	130.5	133.1	+0.4	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	1022.7	1073.8	-4.1	-
Equity Fund	235.6	247.4	-1.3	-
International Fd	156.5	164.3	-0.2	-
Fixed Interest Fd	147.3	154.7	-0.3	-
Property Fund	225.4	236.7	—	-
Index-Linked Fund	140.8	147.8	+0.1	-
Deposit Fund	147.1	154.5	+0.1	-
Pens. Mixed (Ord) Fd	244.7	256.9	-4.2	-
Gold Pensions				
Discretionary Fund	119.1		-0.5	-
Equity Fund	119.3		-0.9	-
Fixed Interest Fund	106.2		-0.2	-
International Fund	119.9		-0.2	-
Property Fund	137.2		—	-
Index-Linked Fund	117.5		—	-
Deposit Fund	123.6		+0.2	-
S & F Consolidation	112.8		-0.1	-
S & F Balanced	124.4		-0.2	-
S & F Maximum Growth	103.3		-0.8	-

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	325.4	342.5	+0.2	-
Managed Init	255.0	268.4	+0.1	-
Equity Ord	460.6	484.8	-0.7	-
Equity Init	361.0	380.0	-0.5	-
Index Linked Gilt Ord	139.2	146.5	+0.2	-
Index Linked Gilt Init	114.0	120.0	+0.2	-
Overseas Equity Ord	290.2	305.5	+1.4	-
Overseas Equity Init	227.4	239.4	+1	-
Property Ord	219.9	231.5	—	-
Property Init	172.4	181.5	—	-
Fixed Interest Ord	165.9	174.6	-0.3	-
Fixed Interest Init	130.0	136.8	-0.4	-
Deposit Ord	154.7	162.8	+0.1	-
Deposit Init	121.3	127.7	+0.1	-
Pension Funds				
Managed Ord	406.0	426.3	+0.2	-
Managed Init	317.4	334.1	+0.1	-
Equity Ord	591.9	623.1	-0.8	-
Equity Init	463.9	488.3	-0.8	-
Pen Ind Lkd Gilt Ord	153.5	161.6	+0.3	-
Pen Ind Lkd Gilt Init	125.6	132.2	+0.3	-
Overseas Equity Ord	330.1	350.6	+1.7	-
Overseas Equity Init	261.0	274.7	+1.3	-
Property Ord	272.8	287.2	+0.3	-
Property Init	213.8	225.1	-0.2	-

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

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Ivory & Sime (Luxembourg) SA
13 rue Goethe L-1637 Luxembourg 010 352 4046461

Atlas Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Global Cap Portfolio		$-	2.380	2.528		0.25
United States Portfolio		$-	2.454	2.603		0.55
Unless Kingdom Portfolio		£-	1.076	1.141		11.00
East Europe Portfolio		DM-	4.572	4.849		0.45
Euroriva Portfolio		£-	1.115	1.183		
Japan Portfolio		£-	0.763	0.810		
Pacific Portfolio		$-	2.572	2.729		1.00
Gold Portfolio		£-	2.121	2.250		0.35
UK Growth of Income		£-	1.131	1.200		1.90
Sterling Gilt Portfolio		£-	0.918	0.974		5.00
Global Bond Portfolio		$-	1.890	2.002		3.50
Dollar Portfolio		$-	2.070	2.071		7.50
Yen Portfolio		£-	0.884	0.884		2.20
Sterling Portfolio		£-	1.040	1.041		6.40

Midland International Circuit Fund SICAV
Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 37788

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
UK Growth		£-	0.998	1.059		
European Growth		£-	1.097	1.164		
Japan Growth		£-	1.014	1.075		
Pacific Growth		£-	0.965	1.024		
Nth American Growth		£-	1.017	1.079		
UK Fixed Interest		£-	1.013	1.075		
Multicurrency Bond		£-	1.015	1.077		
UK Stlg Liquidity		£-	1.016	1.078		
US$ Liquidity		£-	1.024	1.086		

Morgan Grenfell UT Mgrs/Deutsche Bank

Unico Financial Services SA Lux
DG Investment Bank Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Unico Invest. Fund	DM70.20	72.40	----	3.00
Unico Equity Fund	DM64.72	66.66	----	3.00

Union-Investment-Gesellschaft GmbH

	Bid Price	Offer Price	+ or −	Yield Gross
Unifonds	DM38 99	41 00	−0.70	−
Unirak	DM83 21	87.40	+0.25	−
Unirenta	DM34.59	35.70	----	−

Viking Fund-SICAV
#NAV Apr 4 Ecu79 88

Warburg Inv Mngmt (Isle of Man) Ltd
Mercury 90;10 Trust (Sicav)

	Bid Price	Offer Price	+ or −	Yield Gross
Dollar Fd BOPUPs	$10.12	10.13	----	−
Dollar Fd OPUPs	$9 79	9 85	----	−
Sterling Fd BOPUPs	£9.98	9.99	----	−
Sterling Fd OPUPs	£11 00	11.07	----	−
DM Fd BOPUPs	DM9 89	9.90	----	−
DM Fd OPUPs	DM9.58	9 64	----	−
Yen Fd BOPUPs	¥7 21	7.22	----	−
Yen Fd OPUPs	¥9.70	9 77	----	−

Wardley Investment Services Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Wardley S.E. Asia Tst.	$12.10	12.84	----	0.84
Japanese Warrants	$6.69	7.09	----	−
Asian Warrants	$9.78	9.83	----	−
European Warrants	$9.66	10.23	----	−

Wells Fargo U.S. IT Fund
NAV April 5 $9.69

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

DUBLIN (SIB RECOGNISED)

GUERNSEY (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Money Market Trust Funds

Money Market Bank Accounts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen support fails to impress

SUPPORT FOR the Japanese yen yesterday by the Group of Seven central banks was regarded as no more than a gesture. Dealers pointed out that intervention can only be effective when the market holds a position, which in this case would have been long of dollars and short of yen.

This was not the case, however, because books had been squared ahead of last Saturday's G7 meeting in Paris. It was accordingly impossible for central banks to cause any pain in the market, and yesterday's intervention simply provided the opportunity to renew long dollar/short yen positions.

Central banks from the four European members of G7 - the UK, France, Italy and West Germany - were joined by the Swiss National Bank in supporting the yen, after the G7 finance ministers meeting at the week-end had agreed that the decline of the yen was undesirable.

Earlier in Tokyo the scale of intervention by the Bank of Japan was not heavy, and was estimated at around $400m. European central banks appeared to spend little more than $120m, and it was noted that the West German Bundesbank only sold dollars to buy yen. It would have been regarded as much more significant - as far as G7 support for the yen was concerned - if the German central bank had sold D-Marks.

Later in the day the US Federal Reserve also sold dollars against the yen. Dealers had anticipated this action, and viewed it as an opportunity to buy dollars at an attractive rate. The Federal Reserve was the last of the G7 central banks to intervene yesterday, and it was noticeable that once this action was out of the way the dollar was pushed up to the day's high against the yen at the London close.

The main disappointment for the market was that the US central bank waited until the dollar had climbed to Y157.00, rather than coming into the market earlier in the New York trading day when the dollar was trading at around Y156.60. Late in London the dollar rose to a peak of Y157.50, before closing at Y157.45, against Y157.50 on Friday. Against European currencies the dollar fell to DM1.6915 from DM1.6950; to SFr1.4955 from SFr1.5000; and to FFr5.6800 from FFr5.6950. Its index fell to 68.4 from 68.5.

Sterling held steady against the dollar and yen while losing ground to Continental currencies. Disappointing figures on UK producer prices for March had little impact. The yen was under the spotlight, leaving the pound in the wings, but dealers were worried that other economic news later this week - UK retail prices and average earnings on Thursday - might not be so easily dismissed.

Sterling rose 5 points to $1.6395 and was unchanged at Y258.25, but it fell to DM2.7725 from DM2.7775; to SFr2.4525 from SFr2.4575; and to FFr9.3125 from FFr9.3350. The pound's index declined 0.1 to 87.4.

£ IN NEW YORK

Apr.9	Latest	Previous Close
£ Spot	1.6370-1.6380	1.6420-1.6430
1 month	0.88-0.87pm	0.88-0.87pm
3 months	2.63-2.61pm	2.63-2.61pm
12 months	9.48-9.41pm	9.45-9.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.9	Previous
8.30 am	87.5	87.7
9.00 am	87.4	87.7
10.00 am	87.4	87.6
11.00 am	87.4	87.6
Noon	87.4	87.5
1.00 pm	87.4	87.5
2.00 pm	87.4	87.5
3.00 pm	87.4	87.5
4.00 pm	87.4	87.5

CURRENCY RATES

Apr.9	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.793481	0.737667
U.S Dollar	7	1.29996	1.21014
Canadian $	13.32	1.51471	1.40679
Austrian Sch.	6½	15.5202	14.3934
Belgian Franc	10¼	45.6026	42.3066
Danish Krone	10½	8.42764	7.81873
Deutsche Mark	6.00	2.20551	2.04635
Neth.Guilder	7.00	2.48292	2.30363
French Franc	10¼	7.41107	6.86998
Italian Lira	13½	1622.64	1503.12
Japanese Yen	5¼	204.744	189.932
Norway Krone	8	8.53554	7.92764
Spanish Peseta	-	140.159	129.800
Swedish Krona	12	7.97330	7.41938
Swiss Franc	6.00	1.94864	1.80977
Greek Drach.	20½	N/A	197.822
Irish Punt	-	N/A	0.763304

† European Commission Calculations.
* All SDR rates are for Apr.6

CURRENCY MOVEMENTS

Apr.9	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.4	-24.0
U.S Dollar	68.4	-9.5
Canadian Dollar	105.2	+1.8
Austrian Schilling	110.1	+12.1
Belgian Franc	111.2	-2.3
Danish Krone	110.7	+4.9
Deutsche Mark	119.0	+24.8
Swiss Franc	109.6	+17.6
Guilder	114.8	+16.9
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Apr.6

OTHER CURRENCIES

Apr.9	£	$
Argentina	7854.15-7874.40	4790.00-4800.00
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
Mexico	[illegible]	[illegible]
N. Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	4.3340-4.3450	2.6470-2.6485
S. Af (Fn)	6.4330-6.5620	3.9215-4.0000
Taiwan	43.05-43.15	26.25-26.30
U.A.E.	6.0230-6.0300	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Apr 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞-14¾	14¾-14⅞	14⅞-14¾	15⅛-15⅛	15¼-15⅛	15⅜-15¼
US Dollar	8⅛-8⅛	8⅛-8⅛	8⅛-8¼	8½-8⅜	8⅝-8½	8¾-8⅝
Can. Dollar	12⅞-12⅝	12⅞-12⅝	13⅛-12⅞	13¼-13⅛	13⅜-13⅛	13⅜-13⅛
D. Guilder	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅝-8½	8⅞-8¾	9⅛-8⅞
Sw. Franc	9¼-9⅛	9¼-9⅛	9⅜-9¼	9⅝-9½	9¾-9⅝	9⅝-9½
Deutschmark	8-7¾	8-7¾	8⅛-7⅞	8⅜-8¼	8⅝-8½	9-8⅞
Fr. Franc	9⅞-9⅝	9⅞-9⅝	10-9¾	10⅛-10⅛	10¼-10⅛	10⅜-10¼
Italian Lira	13-11	11⅝-10⅞	11⅞-11⅝	12⅛-11⅞	12¼-11¾	12⅜-12⅛
Belgian Franc	10⅜-10⅛	10¼-10⅛	10⅜-10⅛	10⅜-10⅛	10¼-10⅛	10¼-10⅛
Yen	7¼-7	7⅛-6⅞	7¼-7⅛	7⅜-7¼	7½-7⅜	7⅝-7½
D.Krone	11⅝-11⅛	11⅝-11½	11⅝-11⅜	11⅞-11⅝	11⅞-11⅝	11⅝-11⅜
Asian $Sing	8⅝-8½	8⅝-8½	8⅝-8½	8½-8⅜	9⅛-8⅞	8⅞-8¾

Long term Eurodollars: two years 9¼-9 per cent; three years 9¼-9⅛ per cent; four years 9⅜-9¼ per cent; five years 9½-9⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6370-1.6425	1.6390-1.6400	0.88-0.86cpm	6.37	2.62-2.59pm	6.36
Canada	1.9020-1.9100	1.9045-1.9055	0.29-0.21cpm	1.57	0.74-0.61pm	1.42
Netherlands	3.11¼-3.12¼	3.11¾-3.12¾	1⅝-1½cpm	6.00	5-4⅞pm	6.33
Belgium	57.20-57.50	57.25-57.35	24-22cpm	4.82	70-66pm	4.75
Denmark	10.57¼-10.61½	10.58½-10.59½	3⅛-2⅞orepm	3.40	9⅝-8⅝pm	3.45
Ireland	1.0320-1.0375	1.0335-1.0345	0.34-0.29ppm	3.66	0.81-0.71pm	2.94
W. Germany	2.77-2.77½	2.77-2.77½	1⅝-1½pfpm	6.76	4⅝-4½pm	6.49
Portugal	244.25-245.85	244.30-245.30	4-21cdis	-0.61	85-119dis	-1.67
Spain	175.55-176.15	175.60-175.90	16-7cpm	0.79	43-27pm	0.80
Italy	2034-2039½	2035¼-2036¼	6-4lirepm	2.95	16-14pm	2.95
Norway	10.72½-10.76	10.73¾-10.74¾	2⅝-2¼orepm	2.41	7⅝-7¼pm	2.79
France	9.30¼-9.32½	9.30¾-9.31¾	3¾-3⅝cpm	4.75	11¼-10⅝pm	4.67
Sweden	10.02-10.06¼	10.03-10.04	1⅛-⅞orepm	1.20	3⅛-2⅞pm	1.17
Japan	256¾-258¼	257¾-258¾	1⅝-1½ypm	7.26	4⅞-4¾pm	7.48
Austria	19.48-19.53	19.49-19.52	9⅞-9gropm	5.81	29¾-26½pm	5.73
Switzerland	2.44¾-2.45¾	2.44¾-2.45¾	1⅛-1cpm	5.20	3½-3⅜pm	5.61
ECU	1.3550-1.3585	1.3550-1.3560	0.52-0.49cpm	4.47	1.52-1.47pm	4.41

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.17-5.12cpm 12 month 9.42-9.32pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6370-1.6425	1.6390-1.6400	0.88-0.86cpm	6.37	2.62-2.59pm	6.36
Ireland†	1.5840-1.5890	1.5850-1.5860	0.42-0.37cpm	2.99	1.43-1.33pm	3.48
Canada	1.1600-1.1645	1.1610-1.1620	0.45-0.48cdis	-4.80	1.43-1.48dis	-5.01
Netherlands	1.9005-1.9060	1.9035-1.9045	par-0.02cdis	-0.06	0.04-0.07cdis	-0.12
Belgium	34.90-35.05	34.90-35.00	2.00-8.00cdis	-1.72	9.00-19.00dis	-1.60
Denmark	6.45-6.47	6.45¼-6.46¼	1.65-1.85oredis	-3.25	4.40-4.90dis	-2.88
W. Germany	1.6870-1.6935	1.6910-1.6920	0.05-0.03pfpm	0.28	0.08-0.05pm	0.15
Portugal	149.30-149.55	149.45-149.65	80-90cdis	-6.82	290-310dis	-8.03
Spain	107.10-107.55	107.20-107.30	45-55cdis	-5.60	144-164dis	-5.75
Italy	1240-1243¼	1241¼-1242¼	3.10-3.60liredis	-3.24	10.00-11.50dis	-3.46
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4679	42.3066	-0.38	[illegible]	±1.5388
Danish Krone	7.85212	7.81873	[illegible]	[illegible]	±1.6421
German D-Mark	2.05853	2.04635	[illegible]	[illegible]	±1.0642
French Franc	6.90403	6.86998	[illegible]	[illegible]	±1.3659
Dutch Guilder	2.31943	2.30363	[illegible]	[illegible]	±1.5252
Irish Punt	0.768411	0.763304	[illegible]	[illegible]	±1.6699
Italian Lira	1529.70	1503.12	[illegible]	[illegible]	±4.1168
Spanish Peseta	133.804	129.800	[illegible]	[illegible]	±4.2365

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr.9	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.640	2.773	258.3	9.313	2.453	3.123	2036	1.906	57.30
$	0.610	1.	1.691	157.5	5.679	1.496	1.904	1241	1.162	34.94
DM	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	277.4	[illegible]	1.	2.634	1.273	2.046	61.93
H Fl.	[illegible]	[illegible]	[illegible]	82.71	2.982	[illegible]	1.	651.9	0.610	18.35
Lira	[illegible]	[illegible]	[illegible]	126.9	4.574	1.205	1.534	1000.	0.936	28.14
C $	0.525	0.861	1.456	135.6	4.889	1.288	1.639	1069	1.	30.08
B Fr.	1.745	2.862	4.839	450.8	16.25	4.281	5.450	3553	3.325	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS — [illegible]

LIFFE BUND FUTURES OPTIONS — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS — [illegible]

LIFFE EUROMARK OPTIONS — [illegible]

LIFFE SHORT STERLING OPTIONS — [illegible]

LIFFE EURODOLLAR OPTIONS — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT — [illegible]

US TREASURY BONDS 8% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND — [illegible]

THREE MONTH STERLING — [illegible]

THREE MONTH EURODOLLAR — [illegible]

THREE MONTH EUROMARK — [illegible]

THREE MONTH ECU — [illegible]

FT-SE 100 INDEX — [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% — [illegible]

JAPANESE YEN (IMM) — [illegible]

DEUTSCHE MARK (IMM) — [illegible]

THREE-MONTH EURODOLLAR (IMM) — [illegible]

US TREASURY BILLS (IMM) — [illegible]

SWISS FRANC (IMM) — [illegible]

STANDARD & POORS 500 INDEX — [illegible]

PHILADELPHIA SE £/$ OPTIONS — [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) — [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
June	89.90	89.97	-0.01	89.97	89.85	10.03	15,942
September	89.95	90.06	+0.05	90.06	89.90	9.95	6,174
December	90.00	90.05	-0.03	90.06	89.97	9.96	2,564
March	90.05	90.05	-0.07	90.05	90.05	9.95	36

Estimated volume 6,085 Total Open Interest 24,716

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
April	2070.0	2095.0	+19.0	2097.0	2070.0	5,290
May	2096.0	2096.0	+19.0	2097.0	2080.0	482
June	2094.0	2094.0	+16.5	2094.0	2094.0	137
September	2094.0	2094.0	-	2094.0	2094.0	-

Estimated volume 4,818 Total Open Interest 5,909

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6395	1.6308	1.6135	1.5881	1.5458

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6198	1.6216	1.6194	1.6212
Sep	1.5970	1.5970	1.5934	1.5960

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm.	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

Slightly firmer tone

THERE WAS a slightly firmer tone to longer term interest rates in London yesterday. One-year interbank was quoted at 15⅜-15¼ per cent, compared with 15½-15⁷⁄₁₆ on Friday, but the important three-month rate was unchanged at 15⅛-15⅛ per cent. Trading was quiet, and there was little reaction to a larger than expected rise of 0.7 per cent in March UK output producer prices. The market expected a gain of 0.4 per cent.

UK clearing bank base lending rate
15 per cent
from October 5

Input prices rose by 1.4 per cent against forecasts of around 0.9 per cent.

Volume in short sterling futures was subdued on Liffe. September delivery traded slightly more contracts than the near month of June, indicating that the market does not expect a change in UK bank base rates until the latter part of the year.

June short sterling opened slightly weaker at 84.76 and moved within a narrow range, before closing at 84.77, against 84.78 previously.

Credit was in fairly comfortable supply on the London money market. The Bank of England initially forecast a day-to-day credit shortage of £250m, but revised this to £350m in the afternoon.

Total help of £397m was provided. The authorities did not operate in the market before lunch, but in the afternoon bought £142m bank bills in band 2 at 14¾ per cent. Late assistance of around £255m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £968m, with the unwinding of repurchase agreements on bills absorbing £160m, and bank balances below target £220m. These factors outweighed Exchequer transactions adding £550m to liquidity, and a fall in the note circulation of £550m.

In Amsterdam the Dutch Central Bank offered the money market liquidity, via a tender for seven-day special advances at an unchanged rate of 8.1 per cent. On the other hand, banks' cash reserve requirements were increased sharply to Fl 12.1bn from Fl 5.0bn, for the period from April 17 to 26. This will offset a large flow of funds into the banking system, through state salary and social benefit payments.

In Frankfurt call money was steady at 7.90 per cent, hovering just below the Lombard emergency financing rate. Credit conditions stayed fairly tight, reflecting payment for a Federal floating rate and a fall in banks' reserve holdings with the Bundesbank.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.9) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8½	offer 8⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.63	Three year	8.59
Broker loan rate	9¾	Two month	7.68	Four year	8.60
Fed.funds	8¼	Three month	8.06	Five year	8.60
Fed funds at intervention	-	Six month	8.23	Seven year	8.66
		One year	8.31	10-year	8.59
		Two year	8.53	30-year	8.56

Apr.9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.85-7.95	7.80-7.90	7.95-8.10	8.10-8.25	8.45-8.60	8.00
Paris	9⅞-10⅛	10-10⅛	10⅛-10¼	10⅜-10⅜	10¼-10⅜	9.75
Zurich	8⅛-8⅝	8⅞-9⅛	-	8⅞-9⅛	-	-
Amsterdam	8.35-8.45	8.31-8.41	-	8.46-8.56	-	-
Tokyo	6⅞-7	7⅛-7¼	-	7⅜-7⅞	-	-
Milan	11⅞-12½	12⅛-12⅞	-	12⅛-12½	-	-
Brussels	7.50	10⅛-10¼	-	10⅜-10⅜	-	-
Dublin	11¼-11¾	11⅝-11⅞	11⅞-12⅛	12⅛-12⅜	12⅜-12½	-

LONDON MONEY RATES

Apr 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅜	14¾	14⅞	15⅛	15⅜	15⅜
Interbank Bid	14½	14⅝	14⅝	15⅛	15⅛	15½
Sterling CDs.	-	-	14⅞	15⅛	15⅛	15⅜
Local Authority Deps.	14⅝	14⅝	14⅞	15⅛	15⅛	15½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14¾	14¾	14⅞	-	-
Company Deposits	-	-	15	15⅛	15⅜	15⅜
Finance House Deposits	-	-	14⅞	15⅛	15⅜	15⅜
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14¾	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.35	8.45	8.57	8.78
SDR Linked Dep. Offer	-	-	9⅛	9⅜	9⅝	9⅞
SDR Linked Dep. Bid	-	-	9	9⅜	9⅜	9⅞
ECU Linked Dep. Offer	-	-	10¼	10½	10¾	10⅞
ECU Linked Dep. Bid	-	-	10⅛	10⅜	10⅝	10⅞

Treasury Bills (sell), one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell); one-month 14⅝ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.5553 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990 Scheme I: 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1,1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

LEGAL NOTICES

EMPIRE PLUSH LIMITED

Registered number 2060687
Trading Name: Pharoah's Nightclub (formerly The Executive)
Nature of business
Nightclub
Trade Classification: 48
Date of acceptance of appointment of joint administrative receivers
20 March 1990 -
Name of person appointing the joint administrative receivers-
Ushers Brewery Limited
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 068 and 141) of Cork Gully, Churchill House, Churchill Way, Cardiff, CF1 4XQ

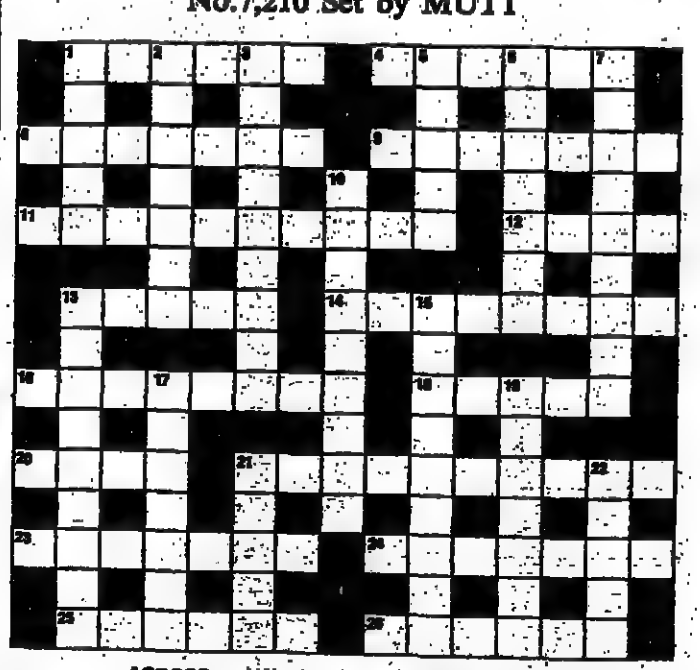
APPLEBY MIDLANDS LIMITED

Registered number: 1595116
Nature of business:- Upholstery Manufacturers
Trade classification: 09
Date of appointment of joint administrative receivers:- 26 March 1990
Name of person appointing the joint administrative receivers:- National Westminster Bank plc
JOHN FREDERICK POWELL and CHRISTOPHER JOHN HUGHES-
Joint Administrative Receivers
(Office holder nos 249 and 141 of)
Cork Gully, Abacus House
32 Friar Lane
Leicester
LE1 5RA.

JOTTER PAD

CROSSWORD

No.7,210 Set by MUTT



ACROSS

1 A horse tucking into his food (6)
4 Sailor transported away (8)
8 Motor north, time killing (7)
9 Encircled key to crack riddle (7)
11 Toff groans to find beef on the menu (10)
12 Torture in a driving mist (4)
13 Country lover – big bird swallowed one! (5)
14 What's wrong with the ref? – heavy, sneezy and headachy (3,5)
16 Have trouble to replace energy in young cattle with a drink (8)
18 School outside Gateshead is stone (5)
20 Gun type SX (4)
21, 25 Bard's anniversary celebration with T ac of course (5,5,6)
23 Non-U naturist possibly a lover of opera (7)
24 They take care to surround the Queen with thinkers (7)
25 See 21
26 Rock appears to stray into the blue (6)

DOWN

1 Man with craft has courage (6)
2 Leave on an old ricketty boat (7)
3 In pouring rain edginess is deep-seated (9)
5 Cheese over-strong? – didn't last long (5)
6 Back don upset by the language going around (7)
7 Have a go at egghead after a stretch inside for double-dealing (9)
10 A concession to past events, nothing lost by specious reasoning (9)
13 A non-drinker, note, getting into a scrap would be dashed to pieces (9)
15 Measure heavy goods vehicle turning up with glue (9)
17 The oven is on-going, the meat can go in (7)
19 Gruel I'd get in exchange for an old coin (7)
21 Check there's a sovereign in the bank (5)
22 Writer with a strong constitution? (5)

Solution to Puzzle No.7,210

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · MALAYSIA · SINGAPORE

[illegible]

CANADA

TORONTO

2pm prices April 9

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Apr 9	Apr 6	Apr 5	Apr 4	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2722.07	2717.12	2721.17	2719.37	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	(u)	90.61	90.69	90.55	93.04 (3/1)	90.30 (29/3)	—	—
Transport	1173.05	1174.08	1181.57	1182.25	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.10	213.66	213.28	214.47	236.23 (2/1)	212.90 (22/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2737.39 (2732.43) Low 2701.35 (2695.50)

STANDARD AND POOR'S

	Apr 9	Apr 6	Apr 5	Apr 4	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	340.37	340.08	340.73	341.09	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	397.09	395.65	396.05	396.02	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.47	27.15	27.52	27.84	31.87 (3/1)	27.15 (6/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	187.35	186.78	187.15	187.31	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	359.68	361.01	361.25	361.12	382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	430.18	430.90	433.42	435.42	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Apr 6	Mar 30	Mar 23	year ago (approx.)
Dow Industrial Div. Yield	4.03	4.06	4.06	3.62
	Apr 4	**Mar 28**	**Mar 21**	**year ago (approx.)**
S & P Industrial div. yield	3.05	3.04	3.05	3.24
S & P Indl. P/E ratio	15.09	15.07	14.97	12.79

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Ames Dept Stores	4,147,100	3⅛	- ⅛
Telecom USA	3,561,100	38⅛	+16⅛
Philadel Elect	1,641,200	16⅞	+ ⅛
Philip Morris	1,517,700	41⅞	+ ⅝
Con Nie Pwr	1,506,200	19	+ ⅛
Citicorp	1,475,300	23⅛	+ ⅛
Fannie Mae	1,197,100	33⅛	+ 1⅛
Norwest Corp	1,190,700	18⅛	- ⅛
BankAmerica	1,009,700	26⅛	+ ⅞
Am T & T	992,500	42⅛	+ ½

TRADING ACTIVITY

† Volume Millions	Apr 9	Apr 6	Apr 5
New York	116.370	139.522	145.524
Amex	8.319	10.967	9.521
NASDAQ	(u)	136.570	134.242
Issues Traded	1,994	1,977	1,979
Rises	661	596	716
Falls	824	864	726
Unchanged	509	517	537
New Highs	18	24	27
New Lows	62	82	55

CANADA TORONTO

	Apr 9	Apr 6	Apr 5	Apr 4	1990 HIGH	1990 LOW
Metals & Minerals	3113.60	3133.90	3154.80	3157.10	3453.05 (4/1)	2921.03 (23/2)
Composite	3613.70	3632.40	3630.70	3635.00	4009.47 (3/1)	3612.30 (2/4)
MONTREAL Portfolio	1863.86	1874.06	1873.28	1877.99	2060.90 (3/1)	1852.36 (23/2)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 9	Apr 6	Apr 5	Apr 4	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1528.2	1513.0	1505.7	1516.8	1713.7 (12/1)	1505.4 (3/4)
All Mining (1/1/80)	789.6	779.1	775.7	780.1	860.8 (5/1)	770.6 (3/4)
AUSTRIA						
Credit Aktien (30/12/84)	667.82	671.04	675.28	681.34	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6130.11	6113.86	6106.63	6116.42	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	371.16	370.52	370.21	369.75	380.47 (28/3)	358.77 (2/1)
FINLAND						
Unitas General (1975)	604.3	600.6	602.4	602.4	677.3 (23/1)	590.5 (2/1)
FRANCE						
CAC General (31/12/82)	547.70	542.87	532.59	530.98	554.7 (5/1)	482.94 (26/2)
CAC 40 (31/12/87)	2083.90	2069.89	2028.06	2001.49	2083.90 (9/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	811.91	827.40	824.88	828.56	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2353.9	2402.9	2396.0	2407.8	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1923.86	1947.84	1938.39	1963.25	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2954.74	2956.12	(c)	2960.88	3014.02 (26/3)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1722.58	1719.94	1717.69	1716.96	1893.10 (22/1)	1716.96 (4/4)
ITALY						
Banca Com. Ital. (1972)	693.68	691.26	686.45	685.87	707.41 (12/1)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	30397.93	29278.78	28249.06	28442.94	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2229.27	2149.26	2058.82	2075.96	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3498.23	3390.57	3313.92	3490.62	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	532.04	540.14	550.61	561.20	622.20 (20/2)	532.04 (9/4)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	256.7	257.7	257.6	257.8	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	196.9	197.2	197.6	197.7	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	800.44	802.46	803.72	811.49	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1087.55	1091.70	1096.59	1160.70 (21/3)	1014.09 (5/3)
SINGAPORE						
SES All-Singapore (2/4/75)	414.18	415.04	417.58	422.14	443.54 (6/2)	413.64 (24/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1867.06	(c)	1857.0	1868.0	2230.0 (16/1)	1857.0 (26/2)
JSE Industrial (28/9/78)	2888.06	(c)	2893.0	2901.0	3211.0 (6/2)	2795.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	816.78	831.73	(c)	828.98	928.82 (4/1)	816.78 (9/4)
SPAIN						
Madrid SE (30/12/85)	255.61	252.82	250.57	249.62	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1143.00	1142.90	1134.90	1138.00	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	749.1	755.7	749.1	744.7	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	9814.54	10440.67	(c)	10907.09	12495.34 (10/2)	9805.40 (9/1)
THAILAND						
Bangkok SET (30/4/75)	835.34	(c)	840.30	846.03	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	484.7	478.5	476.9	571.0 (4/1)	468.3 (2/4)

**Saturday Apr. 7: Taiwan Weighted Price: 9828.22 Korea Comp Ex. 819.30

‡ Subject to official recalculation.

δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday April 9 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	52.9m	1,710	+40	Canon	19.5m	1,850	+80
Nippon Steel	47.7m	675	-10	NEC	19.0m	2,250	-20
Mitsubishi H I	24.6m	944	+19	Mitsubishi Ec Co	16.0m	1,060	+30
Mitsui E&S	24.4m	860	+25	NKK	14.3m	540	-1
Toshiba	21.0m	1,170	+50	Kawasaki Steel	13.5m	569	+7

4pm prices April 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	27	AAR	.48	1.7	17	52	29¼	28¾	29	– ½
9¼	8½	ACM n	1.01	11.		x167	9⅛	8⅞	9	
11⅝	10½	ACMIn	1.26	12.		x972	10⅞	10⅝	10⅝	
9⅞	7¼	ACM M	n1.01	13.		x171	8⅛	8	8	
12⅛	11⅜	ACMMM				53	11⅝	11½	11½	– ⅛
11½	10	ACM Sc	1.26	12.		1094	10½	10⅜	10⅜	– ⅛
9⅜	8½	ACMSp	1.01	12.		882	8⅝	8½	8⅝	+ ⅛
22⅝	13⅛	AL Lab	.15	.7	20	101	22	21⅝	21⅝	– ⅛
4⅛	3⅛	AMCA	.13e	4.0	38	114	3⅛	d 3	3	– ⅛
6⅛	2⅞	AM Intl			9	1243	2⅞	2⅝	2⅝	– ⅛
23⅛	16⅞	AM In pf	2	12.		11	16⅞	16½	16⅞	
107¼	52½	AMR			9	1657	63⅝	63⅛	63⅜	– ⅛
24⅞	23⅛	ANR pf	2.12	8.9		1	23½	23½	23½	– ½
5⅛	3⅛	ARX				32	3½	3½	3½	– ⅛
72¼	39	ASA	3a	5.9		554	51½	50⅛	50⅞	– 1
70⅜	53⅝	AbtLab	1.68	2.5	16	3370	68⅛	67½	68⅛	+ ½
17⅛	11⅛	Abitibi g	.50			x87	13⅛	12⅞	13	– ⅛
13	8⅞	AcmeC	.40	4.1	11	68	9⅞	9⅝	9⅝	
9¼	7⅛	AcmeE	.32	4.0	10	49	8½	8	8	– ⅛
35½	28⅛	Acusn			22	273	35⅞	35⅝	35⅝	– ¼
16½	13⅛	AdaEx	2.05e	13.		78	16	15⅞	16	+ ¼
15⅜	7⅝	Adobe				74	13	12⅝	13	+ ⅛
20¼	18⅞	Adob pf	1.84	9.5		2	19⅜	19⅜	19⅜	+ ⅛
21⅝	19⅞	Adob pf	2.40	11.		7	21½	21½	21½	+ ⅛
10½	6⅞	AMD			19	3637	9⅛	8⅝	8½	– ⅛
35	28¼	AMD pf	3	9.6		48	31½	31¼	31¼	
10⅛	5	Advest	.16	3.6	6	576	5⅛	d 4⅜	4½	– ⅝
62½	48⅝	AetnLf	2.76	5.5	9	681	50⅝	50	50⅝	+ ⅝
14	9⅞	AflPb	.24	2.3		468	10⅜	10¼	10¼	– ⅛
25	16⅞	Ahmans	.88	5.2	9	1846	17⅛	16¾	17	+ ⅛
3⅞	1⅞	Aileen				87	2	1⅞	2	+ ⅛
53¼	40	AirPrd	1.32	2.5	13	1473	51¼	50½	51¼	+ ½
48	22⅞	AirbFrt	.60	1.3	18	166	48	47⅝	47⅝	+ ¼
25⅛	15½	Airgas			15	251	16	15¾	16	+ ⅛
20⅜	16⅞	Airlease	2.40	14.	8	71	18	17½	17½	– ⅛
10¼	8⅞	AlaP	dpf.87	9.2		120	9⅝	9½	9½	
107	102	AlaP pf	11	11.		z20	103½	103½	103½	+ 1½
91	82	AlaP pf	8.28	9.5		z100	87½	87½	87½	
30½	19¼	AlskAir	.20	.9	8	431	23⅝	23	23	– ⅛
29½	16⅛	Albnyln	.35	2.0	10	209	17¼	17⅛	17¼	+ ⅛
28⅝	16⅞	Alberto	s.20	.8	21	119	24	23½	24	+ ½
20¾	14	AlCulA	s .20	1.1	18	143	19¼	18¾	19	+ ¼
60¼	41	Albtsn	.96	1.7	20	237	58¼	58	58	– ¼
25⅛	18⅞	Alcan	s 1.12	5.3	6	3492	21¼	21	21⅛	– ⅛
36⅜	28¼	AlcoStd	.84	2.7	12	194	32	31⅝	31⅝	– ¼
34	24	AlexAlx	1	3.7	19	129	27½	26⅞	27⅜	+ ½
70⅜	45½	Alexdr				37	49	48⅝	49	+ ½
1⅛	⅛	vjAlgInt				24	½	7-16	½	+ 1-16
2⅝	5-32	vjAlgI pr				8	½	½	½	– 1-16
45⅝	32⅜	AlgLud	1.20	3.0	7	318	40½	40⅛	40½	– ⅛
42½	35¼	AllgPw	3.16	8.1	10	386	39¼	38⅞	39	
16⅞	9	AllenG			18	338	13⅛	12⅞	13⅛	+ ⅛
25½	12¼	Allrgn	n .12e	.8		1209	16¼	14¾	15	+ ⅛
17⅞	11¾	AlnCap	1.60e	9.4	19	141	17⅛	16⅞	17	– ⅛
12⅛	12	AllNEu	n			936	12⅛	12	12	
25⅜	22⅜	Allsh	pf1.08e	4.8		x86	22¼	d21⅞	22	– ⅛
27⅝	5⅞	AlldPd			6	358	6	d 5⅝	5⅞	– ⅛
40⅜	31¾	AldSgnl	1.80	5.0	10	1414	36¼	35⅝	36	+ ¼
10⅞	10	AlstMu	.78a	7.8		239	10⅛	10	10	– ⅛
10⅛	9¼	AtaMll	.73a	7.7		324	9¼	9½	9½	– ⅛
11⅛	10	AMIO	.84a	8.2		216	10⅛	10⅛	10⅛	+ ⅛
10½	9	AMIO2	n.63	6.6		182	9⅝	9⅝	9½	
10	8⅝	AMIO3	n.60	6.9		32	8¾	8¾	8¾	
9⅞	9	AlaMP	n.69a	7.6		177	9¼	9⅛	9⅛	
41⅞	28¼	ALTEL	s1.28	3.8	14	1249	33¼	33¼	33¼	+ ⅛
79⅝	59¾	Alcoa	1.60a	2.6	8	2710	62⅜	61½	62¼	+ ⅛
20¼	10⅝	AmaxG	.08	.5	31	104	17⅞	17⅛	17⅜	– ⅜
29⅞	20¾	Amax	.80	3.0	6	4779	27½	26⅞	26⅞	– ⅞
45	39⅛	Amax pf	3	6.7		12	45	44⅞	45	+ 1
16⅛	5⅞	AmBas	.20	2.7	3	3113	7⅞	7	7½	+ ½
13⅜	9⅞	Amcast	.48	4.6	15	50	10⅞	10½	10½	– ⅜
15⅝	9-16	vjAmdur			1	918	1⅞	1	1	– ⅜
27⅛	⅞	vjAmd pf				99	2⅛	1½	1½	– ⅛
51⅞	38⅞	AmHes	.60	1.3	8	3184	46⅛	45	45	– 1
10¼	10	AmAdj	n			30	10⅛	10⅛	10⅛	
20⅞	8½	ABarck	s		62	1284	18⅛	18½	18½	– ⅝
81⅞	62¼	AmBrnd	2.72	4.1	10	779	65⅞	64⅛	65⅛	+ ⅝
30¼	26⅞	ABrd	pf2.75	9.4		6	29¼	29¼	29¼	
38½	31¼	ABldM	.92	2.4	17	13	38¼	38¼	38¼	– ⅛
27	19½	ABusP	s .86	4.0	12	28	22⅛	21⅞	21⅞	– ⅛
21⅛	16⅝	ACapBd	2.18e	13.		79	17⅛	17	17⅛	
22⅜	19⅛	ACapCv	2.31e	12.		20	19⅝	19¼	19⅝	
9¼	6½	ACapIn	1.10	16.		169	7⅛	6⅞	6⅞	
10	8¼	ACMR	.60	7.0	11	6	8⅝	8⅝	8⅝	+ ⅛
19-32	5-64	vjACent				15	3-32	11-128	3-32	– 1-128
60⅜	47	ACyan	1.25	2.7	16	1636	50⅛	50⅛	50½	– ⅛
33⅜	28⅛	AEIPw	2.40	8.0	9	3047	30⅛	30	30⅛	– ⅛
38⅜	25½	AmExp	.92	3.4	10	7338	26⅞	26½	26¾	+ ⅛
22½	13⅜	AFamly	.32	2.3	14	1340	14⅜	14	14⅛	+ ⅛
40¼	28⅛	AGnCp	1.55	4.3	10	1996	37⅛	36¼	36⅞	– ⅝
8¼	7¼	AmGvI	.84a	11.		136	7⅛	7⅝	7⅛	
[illegible]										

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32	24	Promu n				1267	27¾	27⅝	27½	
10¾	8	PrTAm	.84	9.7	19	6	8⅝	8⅝	8⅝	
9¾	4¾	ProsSt	1.08	24.		279	4⅝	4½	4½	−⅛
9½	7⅝	Pruint	.96	12.		1127	7⅞	7⅝	7¾	−⅛
1⅝	3-16	PruRtC			2	60	⅝	9-16	9-16	
6¾	5⅜	PruRl	.69	13.		55	5⅜	5½	5½	
8⅞	6⅝	PruStr	.96	14.		1937	7⅛	7	7	
27	20⅛	PSvCol	2	9.0	9	11677	22⅝	22⅛	22⅛	−⅛
24	20⅝	PSCol pf2.10		9.3		10	22⅝	22½	22½	−⅛
93¾	83	PSIn pfF8.52		9.9		z130	87	86¾	86¾	+⅜
93½	83	PSIn pfG8.38		9.8		z50	85	85	85	+1
4⅝	2⅞	vjPSNH				490	3⅝	3½	3½	
21¾	9⅛	vjPSNH pf				z800	21¾	21⅝	21⅝	
21⅞	9⅛	vjPNH pfB				30	21⅞	21⅞	21⅞	
22¼	10⅛	vjPNH pfC				4	21⅞	21⅞	21⅞	
22	9⅛	vjPNH pfD				10	21⅞	21⅞	21⅞	
22⅛	9	vjPNH pfE				85	22	21⅞	21⅞	
21⅞	9¼	vjPNH pfF				15	21⅞	21⅞	21⅞	
22	9⅛	vjPNH pfG				15	21⅞	21⅞	21⅞	
15⅞	11	PSvNM				787	12⅛	12⅛	12⅛	
29¼	24⅛	PSEG	2.08	8.0	10	1085	26⅛	26	26⅛	−⅛
49½	41½	PSEG pf4.18		9.3		z410	45	45	45	
59¾	50¾	PSEG pf5.05		9.3		z30	54⅛	54⅛	54⅛	
94	84	PSEG pf8.16		9.3		z20	88	88	88	+⅜
90¼	78¾	PSEG pf7.80		9.3		z6230	84⅞	83½	83½	−⅞
88	78¾	PSEG pf8.08		9.5		z50	85	85	85	+1½
86⅞	78	PSEG pf7.52		9.4		z20	80	80	80	−2⅛
85½	74⅛	PSEG pf7.40		9.4		z30	78½	78½	78½	
3⅞	1⅞	Publick			8	216	2⅛	2⅛	2⅛	
59½	41⅛	PR Cem	.80a	1.6	7	2	49¼	49¼	49¼	+⅛
22½	18¼	PugetP	1.76	8.6	11	341	20½	20⅛	20⅛	
12⅛	9⅛	PDPI n	1.28	13.		82	9⅞	9⅞	9⅞	−⅛
12⅞	10⅞	PDIF n	1.38	12.		89	11½	11⅜	11½	+⅛
8	6⅛	PHICB	.85	13.		195	6½	6⅜	6½	+⅛
10⅞	8⅛	PHYM n	.78	8.3		247	9⅜	9¼	9⅜	+⅛

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices April 9

NASDAQ NATIONAL MARKET

3pm prices April 9

FINANCIAL TIMES Tuesday April 10 1990

AMERICA

Dow marks time before wave of company results

Wall Street

QUIET trading in advance of a rash of first quarter corporate earnings announcements saw the Dow Jones Industrial Average move in both directions but within a narrow range yesterday, *writes Janet Bush in New York.*

The Dow dipped around 5 points at the outset, but then rebounded with the help of some buying related to stock index arbitrage with the futures market.

Having stood around 10 points higher at its peak morning level, the Dow then drifted lower again to close 4.96 points higher at 2,722.07 on very low volume of 113m shares. The Dow had closed 4.05 points lower on Friday at 2,717.12.

The market was not apparently affected by movements in other markets, notably a jump of 1,119.15 points in the Nikkei 225 in Tokyo overnight and a modest weakening of the dollar in the face of some symbolic coordinated central bank intervention after the weekend meeting of the Group of Seven industrialised nations.

The dollar softened a little in Europe, but started moving higher in New York, prompting some dollar selling by the US Federal Reserve.

In late New York business, it was quoted near its US highs at Y158.35, leaving it not far from levels seen throughout the latter part of last week.

There was a hint of what might be coming during the corporate earnings season, with Goodyear Tire & Rubber warning the market that it expects to report sharply lower earnings in the first quarter.

However, the panic selling of bank stocks last week appears to have abated as investors start to pick out some bargains.

Bank stocks have been weak because of fears that federal regulatory reviews of their loans could mean higher loan loss reserves and therefore lower profits.

There are few major earnings announcements due this week, with most starting to roll in starting next week. Traders believe that the market could trade in a narrow range for the rest of this week, particularly because it is truncated by a market holiday on Friday for observance of Good Friday.

Telecom USA which surged $16¼ to $38⅛ on news that it is to merge with MCI Communications, another telecommunications company. The agreement calls for MCI, which fell $1⅛ to $35¾ in over-the-counter trading, to acquire all outstanding shares of Telecom for $42 a share in cash. *The total deal is worth* around $1.25bn.

Goodyear Tire & Rubber fell $⅛ to $35¾ after the company said that it expected to report sharply lower profits in the first quarter. Pepsico added $1¾ to $66⅝ on confirmation of its $3bn agreement with the Soviet Union to trade Pepsi-Cola for vodka and ships.

UAL, the holding company for United Airlines, continued to drop in the wake of news that the company has agreed to a buy-out from the airline's three major unions. The stock fell another $2½ to $161 on concerns about how the buy-out will affect the airline.

Money centre banks, which took a beating late last week on concerns about their exposure to problem bridge and real estate loans, did better yesterday.

Citibank added $¾ to $23⅝, J.P. Morgan gained $1⅛ to $35¾ and Manufacturers Hanover rose $½ to $31⅝. Among regional banks, NCNB of North Carolina gained $¾ to $36⅛.

Canada

GOLD stocks pulled the market lower in Toronto, with share prices ending just above their lows for the day in thin trade.

The Composite lost 18.72 to close at 3,613.60 with declines over advances 365 to 205. Volume was a scant 15.58m shares, down from 18.43m shares on *Friday, and value of trading* fell to C$163.6m from C$217.1m. Gold stocks led the decline. Most of the other sub-indices closed lower.

France steals the show from W Germany

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	−0.04	+1.86	+116.38	+53.65	+50.60	+53.07
Belgium	−0.37	+1.75	−1.74	−6.63	−6.83	−5.30
Denmark	−2.76	−3.19	+26.81	+1.94	+1.68	+3.35
Finland	−2.53	−5.95	−17.00	+1.40	+0.71	+2.36
France	+4.53	+7.00	+23.05	+1.85	+1.59	+3.26
W. Germany	−0.37	+6.46	+44.96	+10.62	+8.62	+10.39
Ireland	−1.26	+0.48	+15.46	+0.65	+0.74	+2.40
Italy	+1.10	+3.96	+10.03	−1.52	−1.35	+0.27
Netherlands	−0.30	+2.26	+6.56	−3.16	−4.56	−2.99
Norway	−1.41	−5.29	+27.19	+15.68	+14.24	+16.12
Spain	+0.30	−7.55	−16.24	−16.25	−16.37	−15.00
Sweden	+2.16	+0.45	+7.74	−7.29	−8.05	−6.54
Switzerland	+0.76	−1.93	+9.61	−5.04	−3.93	−2.36
UK	−1.07	−0.06	+5.98	−8.28	−8.28	−6.77
EUROPE	+0.17	+2.02	+13.76	−2.53	−2.69	−1.29
Australia	−1.42	−3.12	+11.42	−7.42	−11.73	−10.29
Hong Kong	−0.99	+2.62	−4.07	+4.34	+2.70	+4.40
Japan	−1.23	−12.17	−16.14	−25.84	−33.39	−32.29
Malaysia	−6.34	−9.73	+29.26	−5.94	−8.50	−7.00
New Zealand	+1.30	−2.60	−5.52	−12.88	−16.54	−15.18
Singapore	−4.63	−4.98	+23.74	+3.49	+3.20	+4.89
Canada	+0.14	−2.42	+3.46	−6.57	−8.64	−7.14
USA	+0.01	+0.30	+13.56	−3.93	−5.48	−3.93
Mexico	+1.03	+1.65	+170.42	+23.46	+17.29	+19.22
South Africa	−4.47	−4.37	+27.25	+5.68	−7.44	−5.92
WORLD INDEX	−0.45	−4.04	+1.02	−12.42	−16.59	−15.22

† Based on April 6th 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

By Antonia Sharpe

A CUT in French interest rates last week propelled the Paris stock market to record levels, while the apparent rift between the Bundesbank and the West German Government over the conversion rate for East German Marks into West German D-Marks caused Frankfurt to run out of steam.

The French stock market rose 4.5 per cent on the week as international investors switched funds out of West Germany, where the market slipped 0.4 per cent, based on the FT-Actuaries World Indices. Over the last four weeks, Paris has has now outpaced Frankfurt, with rises of 7 per cent and 6.5 per cent respectively.

"Compared with West Germany, other European stock markets have been conspicuous laggards, and prices in Germany take into account all potential rewards of unification and few of the risks," says *Mr Adrian Phillips of Kleinwort Benson Securities.*

The surge in French equities has been attributed to heavy buying by the Japanese at the start of their financial year. "It is worth reflecting that France is one of the few markets not beset by interest rate, currency or political problems (all factors *concerning the important* Japanese institutions)," writes Mr Guy Rigden, director of European equity strategy at UBS-Phillips and Drew.

However, other markets bordering on West Germany did not catch the Paris fever. The Netherlands slipped 0.3 per cent on the week, disappointed by the merger between Amev, the insurer, and Groupe AG of Belgium. The recent high level of *corporate activity in Amsterdam* also highlighted the lack of minority shareholders' rights. Brussels suffered a similar fate, slipping 0.4 per cent as the takeover premium in Groupe AG's share price evaporated.

Spain showed signs of stabilising after falling 16.2 per cent since the start of the year. The market nudged up 0.3 per cent last week, fuelling hopes that *Madrid might finally* have turned. "The consensus appears to be swinging towards the perception that the index has fallen far enough. The cement, construction and utility sector will be the first to recover," says Hoare Govett in its weekly world stock markets review.

In the Nordic markets, Sweden rose 2.2 per cent, following the market's positive reception of the Government's new austerity package as well as heavy buying of Ericsson, the telecommunications stock, after it announced that it had won a big order in Mexico.

The Pacific Basin was influenced by Japan's rollercoaster ride last week – in the event, Tokyo ended the week only 1.2 per cent lower – but Malaysia suffered more than most. Kuala Lumpur lost 6.3 per cent on the week while Singapore fell 4.6 per cent. Mr David Bates at First Pacific Securities attributed Kuala Lumpur's fall to retail investors selling out, having lost confidence in the stock exchange's administrative competence.

A drop in the gold bullion price to below $370 an ounce *and fighting* in one of the black homelands undermined South Africa, which fell 4.5 per cent.

EUROPE

Bourses fail to respond to Tokyo recovery

THERE WAS some response to Tokyo's overnight recovery, but initial promise was not fulfilled as bourse trading developed yesterday, *writes Our Markets Staff.*

PARIS rose to its third all-time high in a row on the CAC 40 index, but turnover, although still active, shrank from Friday's record FFr6.46bn to an estimated FFr3bn to FFr3.5bn.

The CAC 40 gained 14.01 to 2,083.90. The CAC General *index, based on opening prices,* remains 2.5 per cent below its record high, after adding 5.23 to 547.70 yesterday.

The market rose at the opening on the back of Tokyo's advance; attracted profit-takers, who pulled blue chips lower; and closed higher as Wall Street opened firmer. Investors also continued to be encouraged by the strength of the franc against the D-Mark.

Thomson-CSF, the defence electronics company, headed the active stocks list, rising FFr6 to FFr149 on volume of 637,000 shares. It was one of the blue chips said to be catching up after recent underperformance. Others included Peugeot, which is due to report results soon and which gained FFr30 to FFr891, and Michelin, up FFr4 at FFr138.90.

FRANKFURT had early ideas of making a good start to the week, but it opened without buyers, and traders marked prices down immediately. After a 15.49 fall to 811.91 in the FAZ index at midsession, the DAX closed 23.98, or 1.2 per cent, lower at 1,923.86 after an intraday low of 1,916.06.

Sentiment was influenced by another decline in the bond market, where the Bundesbank's average bond yield rose 8 basis points to 8.88 per cent – a full 20 points above its level of a week earlier. The absence of foreign buyers was another feature as volume fell from DM8.7bn to DM6.2bn.

Blue chips were led down by Daimler, DM19 lower at DM936 after Friday's denial that Deutsche Bank would sell its 28 per cent holding to Mitsubishi of Japan. Engineering stocks came in for serious profit-taking, Linde falling DM22 to DM985 and MAN losing DM20 to DM500 after a buoyant run on their eastern European prospects.

Retail issues, which had gained strongly last week, came in for similar treatment. Kaufhof lost DM18 to DM679 and Karstadt DM10 to DM688. However, Asko maintained its relative strength after news of top management changes, closing unchanged at DM825.

AMSTERDAM saw Philips fall again on news of another downgrading of its 1990 earnings, this time by a leading London securities house.

The brokers said that Philips' considerable Latin American operations would be harmed by the austerity package in Brazil; that the decline of the yen against European currencies would make European manufacturers less competitive worldwide; and that the current General Agreement on Trade and Tariffs (Gatt) talks would result in a decision later this year to lower European tariffs on consumer products imports. Philips fell 90 cents to Fl 40.40.

Heineken, the brewer, rose Fl 2.50 to Fl 120.40 on hopes that its restructuring programme would revitalise profits. Aegon continued to rise on the back of its good 1989 earnings and closed 20 cents higher at Fl 116.20.

In general, the market was depressed by lower bond prices. The CBS tendency index fell 0.4 to 117.5.

MILAN was surprised by the high volumes, estimated at L200bn, ahead of options expiry day and the Easter break, traditionally a quiet time. Local brokers attributed the firm market to intervention by the four big corporate groups and the mutual funds, on moral suasion by the leading political parties, to support prices ahead of the local elections in May.

Milan was also attracting funds from Frankfurt which had succumbed to profit-taking. Brokers said foreign demand continued to centre on telecommunications and bank stocks. The Comit index rose 2.42 to 693.68.

STOCKHOLM continued to be buoyed by lower interest rates but turnover was low in the week before Easter. The Affärsvärlden General index rose 1.1 to 1,143.0. Ericsson continued to top the actives list but came off highs of SKr894 to close unchanged at SKr880. Forestry stocks attracted some buying interest after several months of underperformance. Volvo, which said 1989 pre-tax profit rose to SKr7.8bn from SKr6.6bn, was steady at SKr365.

ZURICH continued to labour under high interest rates and rights issues. Stocks fell in thin trading, with the Crédit Suisse Stock Index off 2.9 at 595.7. Engineering stocks bucked the trend, with Brown Boveri gaining SFr25 to SFr5,600 and Sulzer adding SFr13 to SFr678.

MADRID's banking sector again attracted demand, as the general index finished the continuous session 2.79 higher at 255.61.

THE ATHENS stock market hit a record in heavy trading yesterday as the conservative New Democracy party said it would form a government after Sunday's elections, Reuter reports from Athens. The general share index jumped 99.05, or 14.7 per cent, to 771.04, compared with the previous record of 711.77 on March 13. The banking and industrial indices rose by 18 per cent and 11.5 per cent.

The market was said to be anticipating a liberalisation of the economy and the sale of state-run companies to the private sector. Volume was estimated at Dr3bn, compared with Dr1bn on busy days last year. The general index has risen by about 67 per cent so far this year.

SOUTH AFRICA

JOHANNESBURG was mixed in thin trading, unsettled by the spiralling violence in Natal. The JSE Gold index rose 10 to 1,867 as the bullion price reached $377 an ounce before easing back. The overall index rose 5 to 3,134.

ASIA PACIFIC

Nikkei makes sharp rise in wake of G7 meeting

Tokyo

ENCOURAGED again by a firm yen and higher bond prices, equities were lifted further by the comment from the Japanese Finance Minister, Mr Ryutaro Hashimoto, that interest rates would not be raised in the near future; investors sent the Nikkei average over 30,000 for the first time in seven trading days, *writes Martina Gannon in Tokyo.*

Friday's round of broad-based buying continued, with confidence enhanced by the Group of Seven industrialised nations' meeting at the weekend. Although no definite *promises had been made to* prop up the yen, analysts said, the G 7 countries would intervene to support the Japanese currency if necessary.

The Nikkei finished 1,119.15, or 3.8 per cent, higher at 30,397.93, in its fourth largest single-day gain after a rise of 1,029.72 to 29,278.78 on Friday. Throughout the day, it fluctuated between a low of 29,297.73 and a high of 30,524.19.

Volume remained high, estimated at about 800m shares against 839m on Friday. Advances outnumbered declines by 816 to 59, with 47 unchanged. The Topix index of all listed stocks rose 80.01 to 2229.27, while, in London, the ISE/Nikkei 50 index shed 10.04 to 1,748.52.

Heavily bought issues included high technology *stocks*, constructions, chemicals and steels, although Nippon Steel eased Y10 to Y575. Mitsubishi Kasei was up Y30 to Y730 and Toyo Jozo, a pharmaceutical company, rose Y100 to Y1,250. Konica jumped Y190 to Y1,240, Fuji Photo Film was up Y160 to Y4,170 and Mitsui Petrochemical rose to Y1,120, up Y100.

Electricals recouped early losses to close generally higher. Sony was up Y250 at Y8,650 and TDK rose Y130 to Y6,500.

"Investors believe that the yen/dollar rate will remain where it is for the time being, and that is enough to keep the market bullish," said Mr Helmut Fleishmann, of UBS-Phillips & Drew International. "But if the index moves too quickly, either up or down, as it did last week, people will sell to take profits while they can." There are still reservations about the strength of the yen, he believes.

The expected level for the Nikkei average this week is 30,000. Oversold domestic *stocks, which are held mainly* by investment trusts and pension funds, are expected to rise further, analysts said.

Market participants are closely watching the performance of large retail stores, now that the Structural Impediments Initiative talks are over and the law governing such stores will be reformed.

The day's declines included real estates and some pharmaceuticals. Mitsui Real Estate ended at Y1,810, down Y10, and Mitsubishi Estate lost Y30 to Y1,680.

In Osaka, the OSE average continuing to climb more sharply than the Nikkei. It gained 1,492.25 to 31,470.11 as volume rose from 58m shares to 70m.

Roundup

THE RECORD fall in the Taiwanese market on Saturday produced early jitters in Taipei yesterday, but share prices recouped most of their early losses. Elsewhere in the region, trading was generally light. Manila was shut for a holiday.

TAIWAN recovered from an early decline as bargain-hunters supported prices, following Saturday's biggest fall ever in points terms. The weighted index fell 400 points at one stage yesterday, but recovered to end 13.68 down at 9,814.54.

Trading volume was about 1.11bn shares worth NT$95.73bn, up from Saturday's 993m and NT$94.34bn. The index dropped 612.45 on Saturday, as rumours that several big market players were in financial difficulties aggravated selling.

AUSTRALIA rose in response to Tokyo's advance and the return of foreign buying. The All Ordinaries index gained 15.3 to 1,528.2, with gold shares improving on the back of a rise in the bullion price. *Volume was light at 61m* shares, worth A$135m, compared with 72m shares and A$129m on Friday.

SINGAPORE weakened in light trading, with the Straits Times Industrial index 2.50 lower at 1,505.80 in volume of 61m shares, down from Friday's 73m. Property stocks fell back after Friday's rise on the news that United Industrial Corp (UIC), the investment holding company, had bid for Singapore Land, which was the most active stock yesterday and rose 20 cents to S$15, while UIC was unchanged at S$2.42.

Overseas Union Bank, Keppel and Asia Commercial Bank (ACB) were suspended from trading. Keppel, the diversified shipping group, said that it had bought a 61.4 per cent stake in ACB from parties including Overseas Union Bank.

KUALA LUMPUR finished at another year's low but above the day's low as bargain-hunters emerged. The composite index lost 8.10 to 532.04.

HONG KONG share prices were little changed as turnover shrank. The Hang Seng index slipped 1.38 to 2,954.74 in trading worth HK$911m, down from HK$1.13bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 9 1990						FRIDAY APRIL 6 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	137.36	+1.1	124.21	119.22	+1.1	5.81	135.81	122.85	117.97	158.31	133.38	128.51
Austria (19)	279.37	+0.2	252.64	245.34	−0.2	1.08	278.90	252.29	245.74	285.63	193.15	118.84
Belgium (61)	147.02	+0.4	132.95	126.71	−0.1	4.51	146.47	132.49	126.79	160.02	132.11	132.42
Canada (120)	141.21	−0.1	127.70	118.77	−0.4	3.40	141.32	127.83	119.27	153.61	137.42	133.83
Denmark (36)	251.83	+0.6	227.72	221.28	+0.1	1.46	250.33	226.45	220.97	260.82	236.69	172.89
Finland (26)	136.73	+0.2	123.64	114.59	−0.1	2.61	136.45	123.43	114.67	152.29	130.39	156.37
France (125)	162.17	+0.7	146.65	144.49	+0.4	2.71	161.11	145.74	143.93	162.17	141.69	118.11
West Germany (94)	134.35	−1.6	121.49	118.14	−1.8	1.83	136.58	123.55	120.36	137.71	122.05	85.71
Hong Kong (48)	122.28	+0.0	110.57	122.45	+0.0	5.07	122.28	110.61	122.46	124.24	112.24	127.53
Ireland (17)	187.41	+0.8	169.47	166.55	+0.5	2.58	185.89	168.15	165.73	198.57	181.49	144.30
Italy (96)	99.32	+0.6	89.82	92.13	+0.3	2.51	98.70	89.28	91.81	102.11	91.85	81.13
Japan (454)	138.29	+3.5	125.05	137.63	+3.4	0.60	133.66	120.90	133.07	197.26	124.40	188.12
Malaysia (35)	208.65	−2.0	188.68	219.22	−2.1	2.44	213.00	192.68	223.91	245.32	208.65	164.56
Mexico (13)	391.18	+0.8	353.74	1190.06	+0.7	0.44	388.03	351.00	1181.97	409.41	324.53	168.72
Netherland (43)	139.36	−0.2	126.03	121.11	−0.3	4.66	139.59	126.27	121.53	145.66	130.43	118.43
New Zealand (17)	62.04	+1.4	56.10	56.83	+1.2	7.71	61.15	55.32	56.14	75.36	60.31	67.15
Norway (25)	231.75	−0.1	209.57	206.11	−0.4	1.62	232.06	209.92	206.94	245.90	202.34	178.64
Singapore (26)	185.54	−0.2	167.78	160.40	−0.1	1.77	185.88	168.14	160.57	199.38	179.70	143.75
South Africa (60)	186.33	+0.8	168.50	161.31	+0.4	3.67	184.89	167.25	160.70	251.39	180.87	138.75
Spain (42)	141.29	+1.9	127.76	114.79	+1.4	4.62	138.61	125.39	113.20	165.19	132.84	154.03
Sweden (35)	180.46	+0.5	163.19	163.50	+0.2	2.41	179.48	162.36	163.21	206.95	173.89	157.51
Switzerland (64)	92.01	+0.2	83.21	85.31	−0.1	2.29	91.85	83.09	85.42	99.12	88.75	76.57
United Kingdom (307)	148.27	+0.2	134.08	134.08	+0.2	4.92	147.95	133.83	133.83	164.31	144.69	143.14
USA (537)	137.94	+0.4	124.74	137.94	+0.4	3.48	137.43	124.32	137.43	145.40	130.61	121.02
Europe (990)	140.56	+0.0	127.10	124.88	−0.2	3.54	140.54	127.13	125.09	146.66	135.57	117.96
Nordic (122)	188.35	+0.5	170.32	161.51	+0.1	1.93	187.49	169.60	161.40	201.89	185.01	152.00
Pacific Basin (681)	137.60	+3.2	124.43	136.20	+3.2	0.93	133.28	120.56	131.96	192.75	124.63	183.13
Euro – Pacific (1651)	139.16	+1.9	125.84	132.26	+1.8	2.00	136.57	123.54	129.92	174.18	130.35	157.08
North America (657)	138.04	+0.3	124.83	136.70	+0.3	3.48	137.57	124.44	136.26	145.78	131.02	121.69
Europe Ex. UK (683)	134.01	−0.1	121.18	118.76	−0.4	2.71	134.17	121.36	119.23	135.73	124.81	102.18
Pacific Ex. Japan (207)	128.76	+0.5	116.44	116.46	+0.5	5.18	128.06	115.84	115.88	139.32	126.76	123.52
World Ex. US (1844)	139.83	+1.8	126.45	132.42	+1.7	2.07	137.34	124.24	130.21	173.77	131.30	156.09
World Ex. UK (2074)	137.09	+1.4	123.97	134.16	+1.3	2.31	135.17	122.27	132.38	162.00	130.80	142.42
World Ex. So. Af. (2321)	137.78	+1.3	124.59	133.93	+1.2	2.55	136.00	123.02	132.28	161.84	131.95	142.49
World Ex. Japan (1927)	139.36	+0.2	126.02	132.42	+0.1	3.57	139.04	125.77	132.23	146.52	135.25	120.59
The World Index (2381)	138.08	+1.3	124.86	134.12	+1.2	2.56	136.29	123.29	132.48	162.05	132.25	142.47